



# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

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**Burma's Karens Ask ASEAN To Pressure Rangoon**

*BK1412051195 Hong Kong AFP in English  
0449 GMT 14 Dec 95*

[FBIS Transcribed Text] BANGKOK, Dec 14 (AFP)—Burma's Karen rebels have called on ASEAN leaders to use a visit here by Burmese President Than Shwe for a summit of the regional group to pressure the Rangoon junta into effecting political reforms.

The Karen National Union (KNU), in a statement received here Thursday, appealed for the leaders of the Association of Southeast Asian Nations to use their influence to "help turn Burma's troubled history around."

"The KNU...would like to appeal to ASEAN leaders to use their prestige and influence to...persuade General Than Shwe of the need for the SLORC [State Law and Order Restoration Council] to urgently make a real commitment to peace, freedom and democracy in Burma," it said.

SLORC is the acronym for the State Law and Order Restoration Council, as the junta is officially known.

Burma is attending the fifth ASEAN summit, which opened here Thursday, as a guest with a view to joining the grouping by the end of the century. Than Shwe is due to meet with ASEAN leaders on Friday.

ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, maintains that its policy of "constructive engagement" with Burma is the best way of effecting reforms in the country.

The KNU, which has been fighting successive governments in Rangoon for some five decades, also announced Thursday it had sent a delegation to meet with SLORC officials.

**ASEAN Heads, Partners Support EAEC**

*BK1512135095 Kuala Lumpur RTM Television  
Network 1 in Malay 1200 GMT 15 Dec 95*

[FBIS Translated Text] The ASEAN heads of government and their three dialogue partners — Cambodia, Burma, and Laos — have stated their firm stand in support of the EAEC [East Asia Economic Caucus]. Prime Minister Datuk Sri Dr. Mahathir Mohamed has said that indirectly, it will be the image of the EAEC when the ASEAN heads of government and their dialogue partners meet with the European Union. This means that the meeting will be between the EAEC and Europe.

RTM correspondent Ismail Zakaria reports this from Bangkok after attending a news conference between Dr. Mahathir and Malaysian journalists a while ago. Dr.

Mahathir said that the EAEC's framework exists even though some parties have not recognized it. Indirectly, this means that the EAEC exists.

**Cambodia Urges Help To Ease ASEAN Entry**

*BK1512053595 Bangkok BANGKOK POST  
in English 15 Dec 95 p 8*

[Report by Nutsara Thaithawat and Tran Van Minh]

[FBIS Transcribed Text] Cambodia yesterday reconfirmed it will be seeking full membership of ASEAN in 1997 and called for more investment from member states.

Asked how ASEAN nations could help ease his country's integration, First Prime Minister Prince Norodom Ranariddh said: "Invest much more in Cambodia in agriculture, tourism, and light industries."

Prince Ranariddh and Second Prime Minister Hun Sen arrived in Bangkok yesterday to attend today's first top level meeting of leaders from the ten Southeast Asian countries envisioned as part of ASEAN its founding fathers.

The meeting, which is due to last two hours, has no agenda but is expected to focus on how best to integrate Cambodia, Laos, and Burma into ASEAN.

Prince Ranariddh's call for more investment coincides with a proposal by Singapore Prime Minister Goh Chok Tong for more ASEAN private sector involvement in countries in the Mekong region.

Mr Goh said past experience has indicated that the best way to create stability and development was that growth must come primarily from the private sector.

The Mekong basin, which covers southern China, Burma, Laos, Thailand, Cambodia and Vietnam, provides a good opportunity for private sector involvement.

Mr Goh said: "Singapore would be interested in the opportunities there by way of investing in the region which we are not at the moment.

"But through an ASEAN effort, through an ASEAN understanding, we can signal to our private sector the opportunities in such as area. And of course it could be a special framework for investments which could be created by the countries concerned to attract investments in the area."

Prince Ranariddh is expected to make a call for more ASEAN investment in his country at today's meeting, in addition to an earlier request for training to enable Cambodia to fulfill its membership obligations.



He also said Cambodia has to improve its economic performance to live up to other ASEAN members, but boasted its gross domestic product had risen seven percent this year — the ASEAN average.

Commenting on his and Samdech Hun Sep's participation in today's meeting, Prince Ranariddh said: "For both of us it is great to be invited, we consider it a necessary step for the creation of ASEAN 10 (an ASEAN of 10 member states)."

He added: "We are so pleased to be part of this and to benefit from the ASEAN way to resolve internal problems ... or any differences arising between members."

He said each member country took its own course to achieve its political and economic goals.

And he expressed the hope ASEAN will also develop a partnership with Europe, the United States and Japan.

#### **ASEAN Accepts 'Zero Tariffs' in Principle**

*BK1512065295 Bangkok BANGKOK POST  
in English 15 Dec 95 p 9*

[Report on Wichit Sirithawiphon and Somphon Thapanachai]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha's call for ASEAN to adopt zero tariffs has been accepted in principle but some countries were still requesting "flexibility" yesterday.

Mr Banhan made the proposal in his opening address on the first day of the two-day summit.

The current agreement for the ASEAN Free Trade Area sets a target for import duties to decline to 0%-5% by 2003 for most products and by 2010 for agricultural goods.

Deputy Prime Minister Amnuai Wirawan said that during the closed-door session afterwards the other leaders agreed in principle but requested flexibility.

Philippine law is the main obstacle preventing completely tariff-free trade. For most products the law requires a minimum import duty of 3%.

Philippine officials, briefing reporters yesterday, could not commit their country to zero tariffs although they played down the significance of the 3% legal minimum.

Dr Amnuai said the Philippine law would affect less than 10% of ASEAN countries' products.

Mr Banhan also called for negotiations on services liberalisation to be completed in one-and-a-half years instead of three.

This would be done by narrowing down the list of priority sectors from seven to three less contentious sectors. Sources said this will be discussed today.

Mr Banhan suggested the three should be tourism, finance and telecommunications. That would leave aviation, sea transport, construction, and business services to be considered at future talks.

#### **ASEAN Leaders To Meet 'Informally' Each Year**

*BK1512072495 Bangkok BANGKOK POST  
in English 15 Dec 95 p 9*

[Report by Phanrawi Tansuphaphon, Sarnedet Marukathat, Suphaphon Kanwerayothin and Somphon Thapanachai]

[FBIS Transcribed Text] ASEAN leaders have agreed to meet informally every year in between official summits so they can keep abreast of the rapidly changing world.

Indonesian President Suharto has agreed to host the first such meeting next year, which will initially be restricted to the seven ASEAN members only.

Official summits are held every three years.

At yesterday's session leaders of Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam also explored the possibility of focusing Malaysia's idea for an East Asian Economic Caucus (EAEC) on development in the Mekong basin.

Malaysia intended the EAEC to be a loose, consultative forum exclusively for Asian economies but has so far failed to solicit enough support for it following objections from the United States which sees it as a protectionist bloc.

Sources said the ASEAN leaders discussed the idea for informal summits at a dinner party on Wednesday ahead of yesterday's opening of the fifth summit.

At the summit opening session yesterday, Singapore's Prime Minister Goh Chok Tong proposed that ASEAN initiate the informal summit idea "because of the many rapid and profound changes in Asia and the world."

Thai Prime Minister Banhan Sinlapa-acha supported the idea, saying "this would enable us to coordinate our views and action more effectively in the fast-changing world."

But the leaders were cautious about the scope of Mr Goh's proposal.

Touching on the informal summits in his opening speech, Premier Goh suggested ASEAN invite East Asian leaders to the first such gathering next year



considering the strong economic links between ASEAN and East Asian countries like Japan and South Korea.

He said: "Let me suggest that we invite them when we have our first informal summit.

"This may or may not be the same idea as Dr Mahathir's EAEC. But I think it's time to ask the leaders to initiate an informal meeting with leaders of Asia, of which we are a part."

The Singaporean premier's proposal was seen by some observers as an attempt to help repackage Malaysian Prime Minister Mahathir Mohamed's proposal for an Asian-only EAEC.

But Mr Goh's suggestion to involve other Asian leaders at this stage was not immediately endorsed by fellow ASEAN leaders, who agreed their inaugural informal summit should be exclusively for the current seven members.

Sources said the leaders agreed to meet informally in December every year, except in the year of the official summit, and for each member country to take its turn as host.

#### **Singapore's Goh Addresses ASEAN Closing**

*BK1512131795 Bangkok Thai Color Television  
Channel 9 in Thai 1049 GMT 15 Dec 95*

[Speech by Singapore Prime Minister Goh Chok Tong at the closing session of the Fifth ASEAN Summit in Bangkok on 15 December — live, in English]

[FBIS Transcribed Text] Mr. Chairman, Prime Minister Banhan, Your Majesty, Royal Highnesses, Excellencies, Ladies and Gentlemen! This summit has opened many new horizons for ASEAN. At the historic 1967 Bangkok meeting, ASEAN's founding fathers laid the foundation for an organization that has delivered 28 years of peace and prosperity for our people. I believe that at this 1995 Bangkok summit meeting, we have begun erecting new pillars on a strong 1967 foundation. These new pillars will see the creation of a larger zone of peace and prosperity in and around ASEAN. The one clear personal impression that I will bring home from this meeting is the extraordinary degree to which our visions for the future overlaps. Listening to my colleagues, I realized that we share a common vision of our region becoming as well developed and as well connected as, say, the European continent. For example, Dr. Mahathir shared with our vision of an electric train running north from Singapore to Kunming via Kuala Lumpur and Bangkok.

We also discussed the sharing of our resources with gas pipelines criss-crossing the region and central banks

helping one another to withstand currency speculation through collateralized currency re-purchase arrangement. These new ideas of cooperation can build on the sub-regional growth areas we have established. As His Majesty the Sultan of Brunei said: Brunei, Indonesia, Malaysia, Philippines, East Asia Growth Area, Singapore, Johor, Riau Islands at the Northern Triangle, already provide clear evidence of a strong desire to widen the areas of economic cooperation. Over time, our region's connections will be as dense as Europe's and will grow closer together as a community. This is an exciting vision. I am glad that ASEAN has agreed to launch this new pattern of regional development cooperation involving other Asian countries by convening a meeting of the relevant ministers in Kuala Lumpur in the next year. The first meeting will discuss cooperation in the Mekong Basin.

But while we discuss the opportunities, we did not ignore the challenges we face. We live in an unpredictable world. Things are changing fast. ASEAN will have to react faster. We have the ARF [ASEAN Regional Forum], which will play a leading role in getting the major powers engaged in constructive relationships. We have also signed the Southeast Asian Nuclear Weapons Free Zone Treaty, which as President Suharto said, constitutes a significant instrument for further embracing peace and stability in the region. But we decided that we needed to do more and the ASEAN leaders will meet more frequently. Between the regular formal ASEAN summits, we will have annual informal ASEAN summits. Indonesia has kindly agreed to host the first informal ASEAN summit 12 months from now. We may see such meetings attended not just by ASEAN leaders but other Asian leaders as well.

Mr. Chairman! Our ministers and officials have prepared well for this meeting. But the ASEAN leaders were able to push the frontiers of ASEAN cooperation even further. ASEAN leaders delivered significant new initiatives during their short stay in Bangkok. When leaders meet only among themselves in an informal atmosphere, rapport is quickly established. The discussions are more substantive and productive. This is why the ASEAN leaders have agreed that the Asia-Europe meeting in Bangkok next year should also be a leaders only meeting. It can be preceded by ministerial meetings.

The value of this closed-door informal leaders only meetings between ASEAN and other leaders was also demonstrated when they met the leaders of Cambodia, Laos and Myanmar [Burma]. This was the first time where the 10 Southeast Asian leaders had met as a group. The close rapport and understanding we quickly established has paved the way for the early realization of our vision of an ASEAN community of



10 nations. I congratulate Thailand on this initiative. We also acknowledged in our discussions that an enlarged ASEAN membership will create both opportunities and challenges. New members will have to adjust to quickly to ASEAN's values and corporate culture. For instance, they may be initially surprised at the frank and candid way in which we discuss problems and a manner in which we reach consensus. They will also face difficulties in discharging their multiple obligations within ASEAN, including phasing in their commitments in AFTA [ASEAN Free Trade Area]. The membership of these countries will also change the tone and character of ASEAN. Some of the comfortable live-and-let live relationships may evaporate, though I am optimistic, that they would not. ASEAN consensus in some issues may be more difficult to achieve. We will have to increasingly rely on the principle of flexible consensus.

Mr. Chairman! This has been a very fruitful meeting. In the field of ASEAN economic cooperation, their sight in the ASEAN framework agreements on services and on intellectual property cooperation have endorsed a new ASEAN industrial cooperation scheme which will be signed by our economic ministers in the next few months. We have also agreed to accelerate tariff reductions in AFTA and to forge closer linkages with the CER [Closer Economic Relations between Australia and New Zealand]. As ASEAN societies develop and grow, it is important that we do not neglect the human element. We have, therefore, decided to elevate ASEAN functional cooperation to a higher plane, to improve the quality of life amongst our peoples. This point was emphasized by President Suharto, President Ramos and Prime Minister Banhan.

Mr. Chairman, Your Majesty, Your Royal Highnesses, Your Excellencies, Ladies and Gentlemen! Clearly, a lot of work had been done in the last 48 hours. All this, Mr. Chairman, has been possible because of your impressive leadership in our meetings [applause]. You guided us well through this summit. I look forward to your guiding us through the forthcoming Asia-Europe meeting with great success. We would also have to thank you and through you, your colleagues and officials, for extending to us the traditional warm and generous Thai hospitality. I would also like to place on record our thanks to the ASEAN foreign ministers, the ASEAN economic ministers, the ASEAN officials, and the ASEAN Secretariat, all of whom have worked tirelessly to ensure the success of our deliberations in Bangkok. I am sure my colleagues will join me in applauding you, Mr. Chairman, and the people of Thailand for all that they have done for us. [applause]

### Thai Prime Minister Closes ASEAN Summit

*BK1512132995 Bangkok Thai Color Television  
Channel 9 in Thai 1105 GMT 15 Dec 95*

[Closing statement by Thai Prime Minister Banhan Sinlapa-acha, chairman of the Fifth ASEAN Summit, held in Bangkok 14-15 December — live]

[FBIS Translated Text:] Excellencies, presidents, prime ministers, ladies and gentlemen:

The Fifth ASEAN Summit marks another milestone of cooperation in Southeast Asia. ASEAN has agreed to set a new direction so that it will serve as an important force for the maintenance and enhancement of regional peace and security. We have set concrete guidelines to accelerate and consolidate ASEAN cooperation in all fields. The common objectives of ASEAN are clear. All countries have reaffirmed their determination to promote peace and prosperity for the people of Southeast Asia. The Bangkok Summit Declaration signed this afternoon by ASEAN leaders is a comprehensive document that set the direction and measures for ASEAN cooperation, which will help ASEAN countries advance into the next century with strength.

I am very pleased that the Southeast Asia Nuclear Weapons-Free Zone Treaty has been signed at this ASEAN summit following extensive discussions. The heads of government of the signatories to the treaty have agreed that the protocol to the treaty will be further reviewed. I am of the view that danger still prevails in the world, where the proliferation of weapons of mass destruction continues. This treaty will guard against the danger of nuclear weapons. It will be a contribution to the nuclear nonproliferation treaty at the global level. Equally important to our peace and security is the sense of togetherness among the states of the region.

The meeting between the ASEAN government leaders and the heads of government of Cambodia, Laos and Burma has brought closer to reality the vision of the founding fathers of ASEAN, that is, the community of a single Southeast Asia. I welcome the goodwill and determination the three countries have demonstrated toward ASEAN. In this connection, I wish to reiterate that Thailand is ready to support the process of holding dialogue to promote cooperation between the ASEAN and the other three nations both through bilateral and multilateral efforts. In addition, I am satisfied with the substantive achievement that ASEAN heads of government have made to enhance economic cooperation in order to strengthen economic competitiveness and sustainable development.

The signing of the ASEAN framework agreement on cooperation in services is a commendable initiative, which



should enhance ASEAN competitiveness in regional and international trade and investment. These long-term undertakings will be vital to the dynamic and sustainable growth of ASEAN economy. Over the past 28 years, ASEAN has expanded extensively; it has moved forward cautiously in response to new opportunities and challenges. As part of those efforts, ASEAN leaders have expressed their support for the world food summit to be held in Rome in late 1996. Thailand also welcomes and supports ASEAN members' interests in the development of economic infrastructure of the Mekong basin project. Thailand, together with five Mekong riparian countries — China, Cambodia, Laos, Burma, and Vietnam — has for several years held meetings at ministerial level to consider development projects. The discussions have led to a feasibility study of those projects, with excellent cooperation from the Asian Development Bank. The time has come for the implementation of those plans. Thailand therefore welcomes ASEAN's participation in those endeavors. Moreover Thailand supports ASEAN's emphasis on clarity and significance of social and human development, scientific and technological cooperation, and ASEAN initiative in the areas of culture and information, and the development and expansion of transportation and telecommunications networks. ASEAN cooperation in these areas is vital to promoting closer contacts between our peoples as well as their greater participation in ASEAN affairs.

On behalf of the Thai Government and people, I wish to take this opportunity to thank all the heads of government for their full cooperation and for having contributed useful suggestions to the meeting. Their contribution has helped this ASEAN summit achieve great success. In particular I would like to thank Singapore for having taken good care of ASEAN over the past three years. I wish to assure Vietnam of our support and cooperation as it prepares to host the next ASEAN summit.

In conclusion, I would like to thank the ministers, senior officials, the ASEAN secretary general, and all capable staff — including interpreters and technical officials — for their tireless dedication and excellent work in the cause of ASEAN development and solidarity. I would like to commend you all, and to thank you all sincerely. I now declare the Fifth ASEAN Summit closed. Thank you.

#### **ASEAN Declaration Envisages 10-Member Group**

*LD1512111095 Melbourne Radio Australia  
in English 1000 GMT 15 Dec 95*

[FBIS Transcribed Text] South-East Asian countries have agreed to strengthen their economic and other links over the next four years. The agreement reached at a

summit in Bangkok envisages a 10-member Association of South-East Asian nations by the year 2000. Evan Williams reports that the steps for greater cooperation and an expansion of ASEAN are outlined in a summit declaration:

[Williams] The Bangkok declaration is now a blueprint for tangible steps towards faster social and economic integration. It calls for intensified dialogue on intra-ASEAN security cooperation, a faster trade liberalization move and concrete steps towards building a greater sense of ASEAN identity. Talks on [?freeing up service] sector protection open next month and it will set up an ASEAN investment zone. Details are yet to be negotiated, but it calls for the full support of major powers in backing ASEAN's new ban on nuclear weapons. It is strongly committed to the quick establishment of a full 10-member group, including Burma, but also stresses more action in building ties with other regional groups.

#### **Philippines Minister on Phasing In Tariff Lines**

*BK1512100895 Manila MANILA BULLETIN  
in English 13 Dec 95 p B-6*

[FBIS Transcribed Text] The Philippines will be phasing in 85 percent of the country's total tariff lines by the year 2000 to the Common Effective Preferential Tariff (CEPT) scheme which implements the ASEAN Free Trade Area (AFTA).

This was announced by Trade and Industry Assistant Secretary Edsel T. Custodio after the conclusion of the Eighth Meeting of the AFTA Council in Bangkok.

Custodio said the phasing in would mean a total of 4,694 tariff lines.

For the entire ASEAN region, however, a total of 38,397 tariff lines are scheduled to be in the 0-5 percent range by the year 2000.

This represents nearly 88 percent of all tariff lines in the CEPT scheme and 81 percent of all tariff lines in ASEAN.

Custodio further said that Vietnam's package of products will be included in the CEPT scheme starting January 1996.

Vietnam has already submitted to the Council their final CEPT Inclusion, Temporary Exclusion, Sensitive and General Exception Lists.

On the Indonesian proposal to transfer the 15 tariff lines from the Temporary Exclusion List to the Sensitive List, the Council noted the sensitivity of these products.

According to Custodio, these products may have a time frame beyond the year 2003 but no longer than year 2010.



## Japan

### More on 'Unusual' DPRK Movements Near DMZ

OW1512055595 Tokyo YOMIURI SHIMBUN  
in Japanese 13 Dec 95 Morning Edition p 2

[FBIS Translated Text] At a joint meeting of Liberal Democratic Party [LDP] divisions concerned with national defense at LDP headquarters on 12 December, the Defense Agency [DA] reported that the DPRK (North Korean) armed forces have recently been observed to be making unusual moves. The report said Japan will make efforts to gather information through U.S. forces and other channels.

According to the DA briefing, the North Korean army has: 1) gathered military forces near the demilitarized zone [DMZ] for exercises and kept aircraft and artillery in place, though they are usually moved back after exercises are completed; 2) changed its secret codes, and made efforts to strengthen its communications equipment; and 3) put its anti-missile units on alert — for instance, camouflage has been set up.

### Situation Viewed Differently

OW1512053595 Tokyo SANKEI SHIMBUN  
in Japanese 14 Dec 95 Morning Edition p 2

[FBIS Translated Text] A perception gap has emerged between the Prime Minister's Office and the Defense Agency [DA] over the military situation on the Korean peninsula.

While the DA is nervously watching North Korea's (DPRK) efforts to build up its military capability near the demilitarized zone [DMZ], Chief Cabinet Secretary Koken Nosaka expressed a negative view, saying "I do not think anything is going to happen." It seems unlikely that the two sides will bridge this gap.

At a news conference on 13 December, Nosaka touched on the military moves by the North Korean army. He said: "I heard that they have moved near the DMZ and have not returned to their original location." He admitted that the North Korean Armed Forces have made certain moves.

However, he indicated that "Even if tension builds up, considering the serious flood and food shortage problems, and the fact that Secretary Kim Chong-il has not assumed the post of president, I do not see any real tension and do not think anything is going to happen."

In contrast, the DA reported on 12 December that changes have been observed in the North Korean Armed Forces — for instance, aircraft have been deployed near the DMZ and the communications network has been upgraded.

According to an announcement by the ROK Joint Staff Headquarters, since late October the North Korean Army has deployed around 80 Mig-17's and Mig-19's at an air base 30 to 40 kilometers from the DMZ, and it has strengthened surveillance of South Korean Armed Forces and the U.S. Forces Korea.

The DA's analysis of the DPRK's military movements is that "although they may not necessarily lead to an immediate conflict, this is unusual in recent years" (according to a DA source). A senior DA official emphasized that "Japan should keep close watch and consider improving its readiness."

### Kono: DPRK Talks 'Effectively Concluded'

OW1512030095 Tokyo KYODO in English  
0245 GMT 15 Dec 95

[FBIS Transcribed Text] Tokyo, Dec 15 KYODO — North Korea and an international consortium formed to build two modern nuclear power reactors in the communist country have effectively concluded negotiations on the project, Foreign Minister Yohei Kono said Friday [15 December].

Kono, who made the statement at a regular cabinet meeting, also said Japan will approve the initialing of a contract on the project between Pyongyang and the Korean Peninsula Energy Development Organization (KEDO).

Japan, South Korea and the United States are the main partners of the consortium, which has been negotiating with North Korea in New York since Sept. 30.

The planned provision of two light-water reactors is in line with a U.S.-North Korean agreement signed in October last year, under which Pyongyang will maintain a freeze on its nuclear program suspected of being aimed at developing nuclear weapons.

Kono also said Japan will continue efforts to help push ahead with the project in cooperation with South Korea, the U.S. and other countries concerned.

### Officials Withhold Comment on Wei Jingsheng

OW1512101695 Tokyo KYODO in English  
0948 GMT 15 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO — Japan refrained Friday [15 December] from criticizing China for its decision to jail the country's most prominent dissident Wei Jingsheng.

"Generally speaking, human rights must be respected as a universally accepted principle," Foreign Minister Yohei Kono told a news conference in response to a



question about China's sentencing of Wei to 14 years in prison.

But he declined to state his opinion about a Chinese court ruling Wednesday that Wei should be jailed for attempting to subvert the government, saying, "we need to study the case further."

Foreign Ministry spokesman Hiroshi Hashimoto told reporters later Tokyo has not grasped the details of the ruling and therefore cannot make any comment.

But he also said Japan has consistently called on China to improve its overall human rights situation so as to get along with other countries better.

Most major Western nations have already criticized China for imprisoning Wei. The United States, Britain, France, Canada and Germany have all expressed dismay and outrage at the sentence.

China has snapped back against the U.S. with its standard response that such criticism is an interference with its internal affairs.

#### **Hashimoto To Visit U.S. for East-West Meeting**

*OW1512061295 Tokyo KYODO in English*  
*0601 GMT 15 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO -- Trade minister Ryutaro Hashimoto will visit the United States in January for a meeting of trade ministers from major Western nations and former communist bloc countries, a ministry official said Friday [15 December].

The minister told Prime Minister Tomiichi Murayama the same day of his decision to visit the East-West meeting, to take place in Baltimore for three days from Jan. 8, the official said.

Hashimoto will leave Jan. 9 and return to Japan on Jan. 15. He is hoping to visit New York and Washington after the East-West meeting and also talk with U.S. President Bill Clinton.

The trade minister has been hoping to meet Clinton ever since the president canceled his visit to the Asia-Pacific Economic Cooperation forum meeting held in Osaka in November.

#### **Government Source on Futenma, Security Treaty**

*OW1512080895 Naha OKINAWA TIMES in Japanese*  
*14 Dec 95 Morning Edition p 3*

[FBIS Translated Text] A senior official in the U.S. Defense Department stated that in January the U.S. Government will make a comprehensive proposal on reducing U.S. military bases on Okinawa. Concerning this report, a Japanese Government source indicates the government's expectations, saying: "It is likely the U.S.

side has started positively studying the possibility of returning Futenma."

While the Okinawa Prefectural Government has stressed that it attaches great importance to the return of Futenma Station, the government is still talking unofficially with the U.S. about the issue.

The same senior official disclosed that the U.S. Government will agree to include a passage on "realigning, consolidating, and reducing" U.S. military bases on Okinawa in the Japan-U.S. joint statement on the security arrangement. Concerning that point, it has been reported that "through coordination, our countries' governments have already reached an agreement" (according to a source at the Ministry of Foreign Affairs).

However, a cautious opinion has been voiced within the Defense Agency that "whether the U.S. side will truly agree on including the term reduction in the joint statement still cannot be predicted." Therefore, the government intends to continue its efforts to persuade the U.S. Government.

#### **Ginowan City To Reject Base Land-Lease Renewal**

*OW1512080995 Naha OKINAWA TIMES in Japanese*  
*14 Dec 95 Morning Edition p 1*

[FBIS Translated Text] In response to questions from OKINAWA TIMES, Mayor Seiken Tobaru of Ginowan City stated on 13 December that Ginowan is "considering not" renewing the contracts for 47,000 square meters of land owned by the city that is being used as the Futenma airfield [hikojo] and Camp Zukeran. The lease contracts will expire by March 1997.

If the mayor decides to refuse to renew the contracts, the national government will also have to start administrative procedures for a forced land lease, which it is now undertaking for other sites. It will be extremely difficult for the government to complete all the procedures in time, even if it starts right now. It may be inevitable for the national government to illegally occupy land owned by Ginowan City in the Futenma airfield.

Tobaru said: "Basically, we would like to deal with this matter by not renewing the contracts." He said losses that may arise from terminating the contracts and other issues will be studied before making a decision.

According to the Naha Defense Facilities Administration Bureau [DFAB], Ginowan City affixed its official seal on a document agreeing to renew contracts in January 1994. It made a commitment to renew contracts for 20 years from 1997. The DFAB is distressed by the mayor's statement refusing to renew contracts because "this will have an extremely negative effect on the relationship of trust with the national government."



Tobaru indicated he would deal with this question cautiously, saying, "I have also ordered city officials to study the legal force of the previous pledge."

He also said: "Since the base issue has become prominent, we have no choice but to consider not renewing the contracts, as a gesture of support for the governor. We are at a historical turning point." The latter indicates he is leaning toward rejecting the renewal of contracts.

The city-owned land includes 19 tracts of land with a total area of 43,300 square meters in the Futenma Air Station that are being used as an apron for U.S. aircraft and other purposes; and 3,900 square meters inside Camp Zukeran.

If the mayor rejects the renewals, the national government will have to initiate a series of administrative procedures, starting with Prime Minister Tomiichi Murayama's decision to implement the forced use of land, a request that the governor do a proxy signing of land documents, an order that the governor do proxy signing, and so forth.

Last June, in a reversal of his previous position opposing the forced use of land for U.S. military bases, Tobaru undertook the proxy signing of land documents. After the September rape incident involving U.S. soldiers and the governor's decision to refuse to undertake proxy signing procedures, the issue of military bases on Okinawa has become a major political problem. Tobaru subsequently stated that he would refuse to undertake such administrative procedures from now on.

#### **Landowner Refuses Contract for Senaha Facility**

*OW1412120195 Naha RYUKYU SHIMPO  
in Japanese 14 Dec 95 Morning Edition p 25*

[Report on interview with Shoichi Arakaki, 59; sixth in series entitled "Not Even One Tsubo (3.954 sq yd): Wishes of Land Owners Refusing To Sign Lease Contracts"]

[Translated Text] It was March 1945. When the heavy air raid stopped, I came out with my family from the cave where we had taken shelter and returned home for a late lunch. As soon as we sat down around the dining table and started to eat, we were strafed by machine guns, and bullets even hit our house. My father, Gashin, was holding my younger sister Sada-ko (who was five years old then) in his lap when she suddenly fell unconscious.

"Till his own death, my father used to say in vain regret that my sister would have been saved if the Japanese army had not cut down the pine trees near our house to build an air-raid shelter. Those bullets came from the direction of the pine trees." The strafing killed two

persons in Senaha village; and while we were seeking safety, I lost my grandparents. "We don't want to lease our land for the purpose of war." The loss of my family members in the Battle of Okinawa caused my anti-war sentiments.

In 1967, I inherited the land from my uncle, Shusei, who was killed in action in the Philippines. Since my inheritance, I have persisted in rejecting leasing the land for use by military bases.

My lot, which is square, has been cut into pieces by the fences that surround the communications facilities. Part of it is outside the fences. "I do not want to sign leases. Rather than sign, I would like to have my land returned — at least the land outside the fences....[ellipses as published]" This was how I made my appeal six years ago. As a result, it was soon decided that the land would be returned; but he stated his dissatisfaction: "However, only the land outside the fences was returned. The lot, which is square, was cut into two triangles and returned. With such a lot, I can do nothing."

Last year, staff members of the Naha Defense Facilities Administration Bureau called on me several times, trying to get me to sign contracts. Once they brought me presents, which I refused to accept. "They told me that 'presents are given to all land owners' and that 'presents have nothing to do with contracts.' However, I felt that if I accepted presents, I could not refuse to sign contracts."

"We used to cultivate the lot on the west side of Senaha as fields. However, nearly all this lot has been seized and used for military purposes. As a result, we have no land to build houses. We have no land where my second and third sons can live." I am worried about the future for my three sons and one daughter. "Since the U.S. forces do not have to pay any money, they can take up land as they please, even though they do not plan to use it. If the government intends not to lease some land, the lots that are not necessary should be returned. I have placed my expectations on the Murayama administration, which has positively promoted the anti-war movement, but nothing has changed."

[attached note] Senaha Communications Facilities, located in the northwestern part of Yomitan village, are engaged in monitoring broadcasts of various countries in the West Pacific. The site covers 612,000 square meters and belongs to 374 land owners, two of whom have refused to sign leases this time.



**Governor Ota Wants To Explain Base Lease Order**

*OW1412132695 Tokyo KYODO in English*  
0856 GMT 14 Dec 95

[FBIS Transcribed Text] Naha, Japan, Dec. 14 KYODO - The Okinawa Prefectural government on Thursday [14 December] requested a chance for Gov. Mashide Ota to explain in court why he rejected an order from Tokyo to sign documents necessary to force local landowners to renew leasing of land to the U.S. military.

Ota also requested ample time to prepare its court case in a lawsuit filed against Ota by Prime Minister Tomiichi Murayama with the Naha branch of the Fukuoka high court. Representatives of the court and the prefectural and central governments met Thursday to discuss the schedule the hearings for the suit, which was filed Dec. 7.

The representatives for the governor's office said it would submit an outline of the prefectural government's case Dec. 22, when the first hearing scheduled to take place, being ample time to prepare its case before the second hearing is scheduled.

Following the consultations among the three parties, the high court set the second hearing for Feb. 9, court officials said.

The Okinawa representatives also asked for the opportunity for the governor himself to testify and explain his reasons for refusing to sign the lease orders.

The state, however requested an early decision in the case since the leases on some of the land rented to the US military bases on Okinawa expire at the end of March.

Ota is the first governor to be sued by a prime minister for refusing to execute a job ordered by the central government.

Murayama filed the suit after receiving a letter from Ota on Dec. 9 rejecting his orders to sign the necessary documents in place of reluctant landowners.

Ota has also rejected an earlier "recommendation" by Murayama that the governor sign the [word indistinct] the lease of a total of 35,000 square meters of land owned by 35 Okinawa residents.

Ota's refusal is widely backed by residents of Okinawa, who have increasingly called for a reduction in U.S. bases there following the rape of a local schoolgirl Sept. 4, for which three U.S. servicemen are on trial.

Okinawa, about 1,600 kilometers southwest of Tokyo, is home to some 75 percent of US military facilities in Japan. The prefecture accounts for less than 1 percent of the nation's land area.

**Russia To Give Peace Group Dismantled Missile**

*OW1412020795 Tokyo KYODO in English*  
0152 GMT 14 Dec 95

[FBIS Transcribed Text] Moscow, Dec. 13 KYODO — A Japanese antinuclear group set up to recycle metal from dismantled nuclear missiles for the peace movement has obtained a promise from Russia's Nuclear Energy Minister Viktor Mikhaylov of one of his country's nuclear missiles, members said Wednesday [13 December].

It is the first known case of a dismantled Russian nuclear missile going to a civilian group overseas.

The group, which has the support of well-known Japanese singers Ryuichi Sakamoto and Hiroshi Kamayatsu, is known as "the Atomic Busters."

The group's representative, Seiten Kishi, visited Moscow to negotiate the receipt of one of the missiles that are being dismantled under a disarmament agreement between the United States and Russia.

Kishi said the group is inviting ideas on how to reuse the metal and is also considering its use in the construction of a monument to peace.

Mikhailov said he would try to ensure the missile is kept as much as possible in its original shape when it is handed over.

**Foreign Ministry Plans 'Dialogue' on Security**

*OW1512114595 Tokyo KYODO in English*  
1044 GMT 15 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO — The Foreign Ministry is planning to hold a series of "dialogue" sessions on security with the general public across the nation from January through March next year, a high-ranking ministry official said Friday [15 December].

The official, who spoke on condition of anonymity, said the planned events are part of the ministry's efforts to have the public deepen its understanding of the government's security and other foreign policy matters.

The ministry wishes to dispatch a total of 100 midranking officials to various parts of Japan and hold interactive sessions instead of one-way lecture meetings, the official said.

There have been calls for the government to tell the nation more of the importance of the Japan-U.S. security alliance since the rape of a 12-year-old girl in Okinawa Prefecture in September allegedly by three American servicemen.



**Officials To Monitor Guatemalan Election***OW1512113295 Tokyo KYODO in English  
1109 GMT 15 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO — Japan will send three government officials to Guatemala to join a multinational team to monitor the Jan. 7 presidential election in the Central American country, the Foreign Ministry said Friday [15 December].

The three will work as part of a group of election monitors to be brought together by the Organization of American States (OAS), the ministry said.

The Japanese officials will stay in Guatemala from Jan. 3 to 9.

The poll will be the second ballot as no candidate won a majority of votes in the Dec. 2 election, for which Japan sent one official as an election monitor and donated 100,000 dollars to the OAS Secretariat.

**Council Adopts Agreement on 5-Year Defense Plan***OW1512000395 Tokyo KYODO in English  
2334 GMT 14 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO — Japan will spend 25.15 trillion yen under a five-year defense buildup program beginning in fiscal 1996 for an average annual increase of 2.1 percent over the period, the Finance Ministry announced late Thursday [14 December].

The average growth rate of 2.1 percent is unchanged from the level assumed in the current defense scheme for fiscal year (ending March 31, 1996.) Under the new plan, however, 110 billion yen can be spent additionally during the five-year period "to deal with unpredictable incidents in the future, build confidence with neighboring countries and take care of other new [words indistinct] according to an outline of the plan.

With the additional sum included, the average rate of increase grows to 2.25 percent a year.

The government has to seek the approval of the Security Council of Japan headed by Prime Minister Tomiichi Murayama to dip into the reserve fund, the outline said.

The council adopted the new plan after Finance Minister Masayoshi Takemura and Defense Agency chief Seishiro Eto reached agreement at the eleventh hour.

Earlier Thursday, the ruling coalition's defense policy planning team convened to break the deadlock over the new plan, but they failed to strike an accord.

The Liberal Democratic Party (LDP), the largest force in the tripartite ruling alliance, had insisted on total outlays of 25.724 trillion yen, with annual growth averaging 2.8

percent over the five-year period, a level requested by the Defense Agency.

However, the LDP's coalition partners — Murayama's Social Democratic Party (SDP) and Takemura's New Party Sakigake [Harbinger] — wanted to contain the growth rate below the 2.1 percent assumed in the current five-year scheme, which calls for a total expenditure of 22.17 trillion yen.

Under the new program, 4.28 trillion yen is earmarked for front-line equipment. The figure represents a decline from 4.44 trillion yen in the current scheme and 5.53 trillion yen in the one before that.

The new plan calls for the government to purchase 130 FXS next-generation fighters, of which 47 are to be bought over the five years, while the Defense Agency had asked for a total of 141 planes.

But the program postponed the purchase of four refueling planes demanded by the Defense Agency. The government will study the performance and other details of the planes before deciding whether to buy them, according to the outline.

A Finance Ministry official told reporters chances are slim for the government to use the reserve fund to buy the aircraft.

"Refueling planes, which have been long discussed, would be rather incongruous with the fund designed to finance new needs," he said.

Meanwhile, the plan calls for further studies on the usefulness and cost-effectiveness of an advanced antimissile system known as the theater defense missile (TDM) system before making any conclusion on the technology.

The program calls for the purchase of 96 tanks and four F-15 fighter jets, fewer than 108 tanks and 29 F-15s in the current scheme.

On the personnel front, the plan calls for the size of ground Self-Defense Force troops to be limited to 172,000 from the current 180,000 in the five-year period.

The defense program is the first medium-term scheme compiled under a new long-term defense program outline adopted in November which stresses the significance of the Japan-U.S. Security alliance and calls for streamlined, compact and more efficient defense capabilities.

**MITI Imposes Controls on Arms-Related Items***OW1412051495 Tokyo MAINICHI SHIMBUN  
in Japanese 13 Dec 95 Morning Edition p 9*

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] decided on 12 December



to impose new export restrictions from October 1996 to prevent the proliferation of nuclear and chemical weapons, and other weapons of mass destruction.

MITI will revise its export trade control regulations this week and require export permits for more than 80 items because even relatively unsophisticated, general-purpose machine tools can be used in weapons development.

Advanced nations have agreed to control the export of general purpose materials that are likely to be used in the development of weapons of mass destruction — specifically, nuclear, biological, and chemical weapons, and missiles. The new regulations being considered will cover general purpose items that are not technically sophisticated and not felt likely to be used in arms development and are, therefore, not included in regulations formulated under the international accord. The new regulations will govern more than 80 categories, including integrated circuits (IC), machine tools, centrifugal separators, electrolysis vessels, engines and pumps. MITI will formulate ordinances to determine the technical criteria for items covered by the new regulations.

#### **Government Seeks 'Decisive Blow' Against Cult**

OW1412121395 Tokyo KYODO in English  
0909 GMT 14 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 14 KYODO — The government moved toward delivering a decisive blow to the Aum Shinrikyo religious sect Thursday [14 December] when it initiated procedures for invoking an antsubversion act to outlaw the doomsday cult. Prime Minister Tomiichi Murayama approved the application of the rarely invoked antsubversive activities law against Aum in a meeting with Justice Minister Hiroshi Miyazawa.

If the law is actually applied, the religious group, which is suspected of having perpetrated the deadly sarin gas attack on the Tokyo subway system in March and various other crimes, will be banned from all activities as an organization.

The legal procedure applying the law will start next week with the publication by the public security investigation agency of the reasons for clamping down on the group and the announcement of the date and site for hearing the group's counter arguments.

It will be the first time that actual legal steps have been taken to reinvoke the law since it was enacted in July 1952.

The decision has come after seven months of painstaking investigation by the agency into the cult.

An interview with followers and analyses of confiscated documents of the cult have brought the agency to the conclusion that the group has all the hallmarks of an organization that should be subject to the security law, agency officials said.

The agency was convinced that the cult has been involved in violent, destructive activities and is likely to continue or repeat such activities in the future, they said.

Miyazawa underscored the dangerous nature of the group in a press conference announcing the decision.

He said it is a political tenet of the Aum cult to aim at building a dictatorship by uniting religious and political arm the group [as received] killed seven people in the sarin gassing in the central Japanese city of Matsumoto in June 1994, and there is sufficient reason to have concerns that the group will conduct violent and destructive activities again in the future he added.

Murayama nevertheless cautioned Miyazawa against going too far in applying the law, saying the government should take care not to infringe human rights.

Murayama had been cautious about using the law to dissolve Aum, leaving the final decision on the matter to the justice ministry and the public security investigation agency.

No group has ever been banned under the law partly because of criticism that it could be used by the government to silence dissent.

Aum founder Shoko Asahara and most of his senior devotees have already been indicted on murder and [passage indistinct] cornered by the arrests of the leaders, the cult has embarked on desperate efforts for survival as a "harmless organization."

But one application of the law, with the possible forced liquidation of its assets, will cut off all the ways for the cult to continue to [words indistinct].

The cult had already faced requests for its dissolution based on the law regulating religious organizations.

Police Thursday provisionally confiscated aum assets, including 4.4 million yen in cash and a helicopter, according to lawyers representing victims of the cult.

Many welcomed the government's decision.

Katsumi Watanabe, village mayor of Kamikuishiki, Yamanashi Prefecture, where the cult has a large compound with a plant for producing sarin, said, "it is a very good news for the villagers."



"I have made repeated requests that the government take every possible legal step to prevent any possibility of a recurrence of the cult's crimes," he said.

Some analysts, however, are concerned that Aum followers could go underground to organize attacks against society. Murayama told reporters the antiradicalism law had to be applied to Aum to allay public anxiety and prevent a recurrence of similar incidents.

[Word indistinct] is being sought under the quote religious corporation act, [passage indistinct] concerns completely, Murayama said.

Responding to suggestions that the state may tighten security controls on these people by using the Aum case as a pretext, Murayama stressed that the case is a special one and that the antiradicalism law "should not be used often."

#### **PRC Nuclear Testing Delays Loan Negotiations**

*OW1412050395 Tokyo MAINICHI SHIMBUN in Japanese 7 Dec 95 Morning Edition p 9*

[FBIS Translated Text] Negotiations between the Export-Import Bank of Japan (EIBJ) and the Chinese Government on loans to China amounting to approximately \$2 billion (approximately ¥200 billion) are far behind schedule. The reason for the delay is uncertainty over Japan's future Official Development Assistance (ODA) following China's repeated nuclear testing. As China is expected to continue nuclear testing until the Comprehensive Test Ban Treaty (CTBT) is signed, probably by the end of next year, a conclusion to the negotiations is likely to be delayed.

Japan's decision on loans by the EIBJ was announced by Finance Minister Masayoshi Takemura when he visited China in January. The loans are supposed to be provided untied, that is borrowing nations are free to choose from where they will buy materials. The EIBJ's loans are aimed at improving infrastructure for about 30 projects, including the construction of airports and the laying of gas pipelines. A contract on loans was scheduled to be signed before July.

The negotiations were far from easy, even at the start, with the Chinese delegates demanding a cut in the interest rate because planned repayments had already risen because of the appreciation of the yen. The situation became worse because China conducted nuclear tests in May and August while the negotiations were under way, and the talks have become complicated further.

When the Japanese Government decided in August to cut back its gratuitous aid to China in protest at the nuclear tests, there was a growing call also for cuts in

yen loans. Although the government does not intend to cut yen loans, there is still the possibility of reducing the amount of yen loans depending on the trend of the public opinion.

In fact, yen loans and EIBJ loans are different because EIBJ loans are not affected by the principles under which the government provides ODA, such as the need to take into consideration the nuclear development programs of candidate nations before extending ODA.

However, the EIBJ has judged it would not be desirable to conclude a contract on untied loans, which are similar to yen loans in the conditions demanded and the projects that qualify for loans. As a result, the EIBJ has not held substantial negotiations since the summer.

#### **Panel Delivers Tax Reform Report to Murayama**

*OW1512094995 Tokyo KYODO in English 0848 GMT 15 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO — A government tax panel delivered to Prime Minister Tomiichi Murayama its proposals on tax reform Friday [15 December], featuring a call to ease land and other taxes to spur the economy.

"The tax panel finds it imperative to readjust or relax the tax burden in certain areas without changing the basic framework of the nation's tax system, in view of the need to make economic recovery certain next year," the report of the Tax Commission said.

But the commission proposed that easing of taxes be limited to areas where it would have "really effective" economic benefits, citing the need to consider the current fiscal strains.

Kan Kato, chairman of the commission, handed the report detailing the recommendations to Murayama, clearing the way for the government to compile its tax reform platform for fiscal 1996 starting April 1.

The government platform, expected to be decided in January, will be based on that report and a tax reform outline to be released later in the day by the ruling coalition parties.

The tax platform will be materialized in a package of tax reform bills to be submitted to parliament in January or early February.

In the report, the tax panel basically supported the coalition's proposals to ease land-related taxes, such as the capital gains tax on land sales, as a means to revitalize real estate transactions.

On the controversial issue of reducing or abolishing the national tax on landholdings of 10,000 square meters or



more, however, the government panel made no specific recommendation.

On Friday, the ruling coalition in its reform outline is expected to agree to halve the tax rate to 0.15%, possibly from January 1997.

The Tax Commission only pointed to the need to "immediately" study the overall role of landholding taxes in Japan, including the relationship of the national landholding tax with municipally imposed fixed property taxes.

The national landholding tax, mainly levied on corporations, was introduced in 1992 to keep down real estate prices that had skyrocketed in the latter half of the 1980s during the so-called "bubble economy" era.

On other land-related taxes, the panel basically supported the coalition's policy to reduce the capital gains tax on land sales, the land registration tax and real estate acquisition tax.

The coalition calls for lowering the capital gains tax on profits of up to 40 million yen from land sales from the present 32.5 percent to 26 percent.

The government panel also accepts the coalition's proposal to continue income and residential tax cuts worth 2 trillion yen to make the economic recovery more certain.

It also said there was a need to review the preferential tax on "sparkling" low-malt liquor.

Meanwhile, it puts aside for further discussion a cut in the corporate tax rate, a review of the present tax breaks meant to promote housing acquisition and the introduction of a taxpayer-numbering system.

As to income tax deductions on life and nonlife insurance premiums, it said the current system should be revised in a tax reform for fiscal 1997.

The government tax panel left ambiguous whether to relax the tax on securities transactions.

Some panel members said the enforcement of the tax should be temporarily suspended as a means to revitalize the slumping stock market, according to the panel report.

Others opposed the idea, though, noting that possible impact on the market through an easing of the tax is uncertain, the report said.

The report concluded the issue should continue to be studied in a manner that would ensure fair financial burden in the entire process of securities transactions — acquisitions, ownership and sales.

The ruling coalition's tax reform outline calls for reduction of the tax's rate from the present 0.3 to 0.21 percent.

The tax panel indicated a need to review preferential treatment for taxes on interest earned on time deposits.

The tax break allows interest on time deposits of more than one year to be rolled back into the principal until maturity without taxation.

"Many panel members cited the need to establish a new rule on taxes on interest," the report said.

The current system, involving problems of smaller tax burden for certain financial instruments, is expected to amplify such problems with the rapid financial diversification, the report said, urging "an immediate study for the system's adequate rectification."

The panel report proposed reviewing tax breaks accorded to nonprofit organizations, including religious groups.

Preferential tax rates given to them, the definition of their activity subject to taxation, disclosure of financial statements and whether or not to levy tax on their investment should be corrected as much as possible, said the report.

The proposal is basically in line with recommendations put forward in the tax reform outline by the ruling coalition which calls for mandatory disclosure of a financial statement by nonprofit organs with certain revenue sizes and reduction of a tax-free ceiling applied to profit-earning activities by nonprofit entities.

#### **Advisory Panel Urges More Rapid Tariff Cuts**

OW1512114695 Tokyo KYODO in English  
1015 GMT 15 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 15, KYODO — Japan should lower import tariffs on 697 industrial products in April 1996, instead of January 1998, as pledged in its "initial action" program at the APEC summit in Osaka last month, an advisory panel to the finance minister said Friday [15 December].

The Customs Tariff Council said imports of the 697 items were valued at 722 billion yen in 1994, of which 667.5 billion yen worth were from member states of the Asia-Pacific Economic Cooperation (APEC) forum.

The 697 products include 272 chemicals, 105 textile products, 90 steel products and 56 nonferrous metals.

"Tariffs on the products reached a weighted average of 5.5 percent in 1994 and will drop 0.7 percentage point



to 4.8 percent after the planned cuts," said a ministry official briefing reporters.

The 18 APEC members mapped out their initial action plans as a show of their commitment to the Bogor declaration under which they vowed free trade and investment in the region by 2010 for industrialized members and by 2020 for developing economies.

Of the 667.5 billion yen worth of imports that came from the APEC region last year, 200 billion yen each came from the United States and China. South Korea ranked third with 100 billion yen, followed by Taiwan with 80 billion yen, the official said.

In a separate move, the government will repeal tariffs on cocoons, raw silk and silk yarn imports, while lowering those on naphtha and other oils for use in petrochemical manufacturing, the official said.

#### **Panel Submits Recommendations to Labor Ministry**

*OW1412042495 Tokyo KYODO in English*  
0338 GMT 14 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 14 KYODO — Japan should shift gears to forestall high unemployment in its new medium-term employment policy from the current stance based on labor shortages of several years back, an advisory panel recommended to the labor minister Thursday [14 December].

Japan's unemployment rate, remaining at around a record 3.2 percent since April, should ease to about 2.75 percent in 2000, the panel said in a report to Labor Minister Shinji Aoki.

The rate, however, will rise to as high as 3.75 percent if the government's structural reform plan, including comprehensive deregulation, is not implemented smoothly, it said.

Thus, Japan should change the emphasis in its employment policy to securing jobs for the people, the panel urged.

The employment council submitted the recommendation for the period from now to fiscal year 2000 as the government is currently preparing a new medium-term economic plan for the same period.

The recommendations on employment are expected to be approved by the cabinet next Tuesday, officials of the Labor Ministry said.

In its report, the panel said the employment situation in Japan has turned difficult.

The changes include fewer job offers by manufacturers who are shifting production to overseas, changing

industrial structures and the growing trend among Japanese workers to change jobs.

To adjust the policy to those changes, the government should cultivate new businesses and industries which will absorb surplus labor in manufacturing, the panel said.

on the other hand, it said, sufficient subsidies should be provided to companies to help them maintain employment.

The current job placement system should be reviewed, and the area of activities for private job agents should be expanded, the panel recommended.

Corporations must be encouraged to offer jobs at any time of the year rather than the present common practice of recruiting new workers once a year.

To widen opportunities for women workers, the restriction under the labor standards law prohibiting women from doing late night work should be removed, except for the clause regarding the protection of mothers, the panel also recommended.

It called again for Japanese companies to achieve as soon as possible the 1,800-hours target for annual working hours as part of the policy to reduce working hours.

#### **Jetro: Direct Investment Rising Within APEC**

*OW12092695 Tokyo KYODO in English*  
0804 GMT 15 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 15 KYODO — Economies of the Asia-Pacific Economic Cooperation (APEC) forum are stepping up direct investment among themselves, with the so-called newly industrializing economies being especially active investors, a trade organization report said Friday [15 December].

The Japan External Trade Organization (Jetro) said direct foreign investment in APEC totaled 162.6 billion dollars in 1994 on the basis of approval by the governments concerned.

Of that figure, 60 percent or 97.7 billion dollars is from other economies within the forum, it said in its annual report for 1996 on the world flow of foreign direct investment.

The investment figures exclude Hong Kong, New Zealand, Brunei and Papua New Guinea because statistics were not available from those economies at the time of research.

The organization said particularly active investors were South Korea, Taiwan and Singapore — economies called the Asian-sector newly industrializing economies.



Investment in Japan by other APEC economies, however, was only 2.2 billion dollars, far below the 30.6 billion dollars in China and 15.2 billion dollars in the United States.

The small investment size in Japan reflects the unattractiveness of the nation as an investment destination, Jetro said.

Japan needs to lower high costs in investment and ease regulations to improve the investment environment, it added.

#### **Analyst Views Government Deregulation Proposal**

*OW1412110495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Dec 95 Morning Edition p 3*

[Comment by Iwao Nakatani, professor at Hitotsubashi University, on the latest deregulation plan proposed by the deregulation subcommittee of the administrative reform committee]

[FBIS Translated Text] With regard to possible deregulation in such areas as the car inspection system, the Large-Scale Retail Stores Law, self-service gas stations, agricultural businesses, the government advisory organ evaded a clear answer by using the term or phrases "a review" and "study is needed." I am disappointed at this. However, I can place high value on the advisory committee's proposal on deregulation in the area of financial businesses — including registration of securities firms, the liberalization of stock trading commissions — which have been placed under the jurisdiction of the Finance Minister and regarded as untouchable.

The plan is merely a proposal worked out by the administrative reform committee, and a decision will be made by the government to implement deregulation. However, there is no guarantee that deregulation proposed by the committee will be carried out as proposed.

Although it is often said that carrying out regulations faces "strong opposition of politicians and bureaucrats," it may also run into resistance of business circles. Private sectors themselves should also think over the significance and effects of deregulation. Although the government has been trying to maintain an affluent livelihood by building "castles" called deregulation to forbid outsiders to enter the castles, it is strongly hoped that the government will deliberate on the possibility that the castles themselves will subside unless current regulations are eased.

I am also disappointed that the proposal fails to make full analysis of the merits and demerits of deregulation. The third organ is not an organization that coordinate policies with business circles and the government organizations concerned. Therefore, the adminis-

trative reform committee needs to break from conventional nature and become an organ that is able to carefully analyze information from a neutral standpoint. For this purpose, the committee is required to establish as soon as possible a system that can display its own functions without relying on information provided by government organizations, while obtaining enough expenses and have more staff members.

#### **Article on Misunderstanding Southeast Asia**

*OW1512115195 Tokyo HATSUGENSHA in Japanese Nov 95 pp 10-21*

["Dialogue" between Susumu Nishibe, chief editor of HATSUGENSHA, and Senshu University Professor Mitsuharu Miyamoto; place and date not given]

[FBIS Translated Text] [Nishibe] Although it was a short trip, I recently visited five Southeast Asian nations — Vietnam, Thailand, Burma, Malaysia, and Indonesia — for the first time in my life. While I have traveled to many foreign countries, I had never been to Southeast Asia before. Because of this, and because of a certain government agency's advice, I made this short trip and I had a very good experience. The reason why I say so is because a situation — which is extremely different from what is usually talked about and considered in Japan — concerning Japanese companies doing business in Southeast Asia is emerging. Most of what I had expected — in my own imagination — supported by the reality. Of course I did not feel happy about it, but I was able to confirm a lot of things. This is what I meant by a "good experience."

Until then I had a fixed idea about Southeast Asia for a long time. I had thought the Asians — by analogy with the Japanese — are obsessed with life itself, or to put it more frankly, are probably very materialistic/worldly-minded. If saying so is impolite, I would say my image of Southeast Asia was a place where life is glorified or the joys of life are sung. After all it is a region blessed with the kind of natural climate where "just sowing the field bears fruit." It is a place flooded with life.

I am Japanese. But, since I grew up in Hokkaido [a prefecture in the northernmost part of Japan], I have been a little scared of these kinds of regions where life overflows. In retrospect, I guess this is the reason why I had never been to Southeast Asia.

Also, frankly speaking, [Japanese] intellectuals, especially those who grew up after the war, are inevitably Western-oriented in their experiences, are they not? We know many names of [Western] scholars, writers, and artists through books, and feel a kind of closeness to them. On the other hand, it is usually the case that



we have not read nor seen the works of Asian writers, artists, and thinkers. In that sense, I just think our minds — our likes and dislikes with regard to Western culture aside — were already westernized long ago.

Actually, the word "westernized" does not accurately describe the situation. Speaking of a sort of rule consciousness — a sense of rules that begins with such a thing as keeping one's promise — which can be said to be the basis of Western spirit, I think the Japanese have had a sort of rationalism, individualism, and a principle to follow the rules for a very long time. This dates back to the time of the legal codes of the Nara [710-794] and Heian [794- 1185] eras, not to mention the Edo period. In that respect, Japan did not just take in Western ideas. Regardless of individual values, Southeast Asian countries seem distant to me when I think about the degree to which rule consciousness, like keeping one's promise, is established there.

It took a long time before I visited there because my occupation did not require me to go there. After visiting there, I came to the simple conclusion that in terms of companies doing business, the Japanese are now entering a very frightful area. To be more frank, and while this is just an exaggeration, my impression was that if we just go into Southeast Asia at our own sweet will thinking the we and other Asians are in the same boat just because the color of our skin, hair, and eyes is the same, one day we might find our supply route and retreat path cut off and dead bodies lying in heaps like the result of operation Imphal during the Greater East Asia War.

#### Great Myth of "the Same Asia"

[Miyamoto] Japanese firms have had operations in Europe or the United States until now. When the companies wanted to start doing business there, they studied many things about the West, conducted a thorough feasibility study, and made slow, incremental progress. In other words, we can say — based on various experiences — that they have spent a lot of time to set up operations in the West.

Speaking of Asia, on the other hand, the Japanese think it is easy to do business there while they know nothing about the region. In the case of having operations in Western nations, people were aware of the distance from the beginning, and knew that they have to learn about those countries, and hence spent time on it step by step. When it comes to doing business in Asia, people do not know about Asia, nor are they willing to know. Yet they are under the impression that it is very easy to do business in Asia, and think it is the last resort for Japan's survival. I suppose there may possibly be such a grand misunderstanding.

[Nishibe] Take language, for example. We regard the fact we cannot speak English nor the related European languages very well as quite natural, and we have listened to these languages before, or we have their dictionaries on our bookshelves. However, for instance, there are no dictionaries nor books written in Burmese, with letters circled, on our bookshelves. Sometimes we hear some strange words on the shortwave radio, and that is all. (Laughter) Asian languages are comprised of words that we have no experience of listening to closely. The same can be said about religion. Although Buddhism is followed in Southeast Asia, it is the lesser vehicle Buddhism [not the greater vehicle] and people practice asceticism from an early age. So the situation there is very different from Japan where we would sometimes go to a temple after our parents pass away. In addition, Malaysia and Indonesia are Islamic countries. Considering these facts, I guess Japan and Southeast Asian countries really have nothing in common.

That being the case, it would be impossible for us to approach Southeast Asia unless we make five to 10 times the effort we made when we tried to approach the West, as Mr. Miyamoto mentioned. Nevertheless, Japanese companies go into Southeast Asia so easily, thinking "we are all Asians after all."

[Miyamoto] So far we have spent time trying to approach the West. As a result, however, the situation seems to be becoming very bad. I think we have the following consciousness — that is, so far we have tried to come close to the United States or Europe in terms of politics, thought, and philosophy. Although I do not think this approach was wrong, the United States has reacted to it by criticizing Japan in terms of economy, and by attacking Japan in a quite aggressive way saying Japan is not a member of the free world. There is a feeling now that this approach has resulted in a kind of deadlock. So instead of politics, thought, and philosophy, I suppose we are trying to associate ourselves with the Asians at the level of body and life, thinking we are a part of Asia after all. I think I can safely say that such a tendency is quite dangerous.

[Nishibe] While this is not based on research, if there is something that we really have in common with the Asians, I guess it would be something very negative. People tend to be swayed by emotion after all. I also heard that grudges — for example, being humiliated in public — are the number one cause of murder in Southeast Asia. Besides, the type of grudge that can result in murder seems to be far beyond the imagination of Japanese people, like scolding a housekeeper a little bit severely. In Southeast Asia, it often happens that a person takes revenge on someone for a reason unimaginable to Japanese people.



Emotionalism dominates. People's emotions are extremely intense and unstable, or perhaps I can say their emotions are intense to such an extent that they are unstable. In this regard, it seems we have something in common. However, I think this is a sign of danger when we try to do business or to have exchanges with Southeast Asians.

While we have had almost no contact with Asia for the last 50 years, the way of seeking contact was itself emotional after all. A typical example is the issue of war apologies. "We caused the people of Asia trouble. We are an assailant to the people of Asia. We have to apologize to them earnestly." I do not know to what extent people mean it, but Japan has kept saying words to Asia in such an emotional fashion for 50 years. One day Japan found itself in a situation where Asians say things like, "Stop apologizing. That is enough. Rather than apologizing, show us clearly how Japan is going to help us."

By the way, as Mr. Miyamoto has just mentioned, the United States — after the fashion of human rights diplomacy, for example — forces its idea of human rights upon other countries as a universal concept. Asian countries defy such an idea at various levels, claiming the interpretation of human rights differs with nations. Meanwhile, the Japanese are at a loss over how to deal with this issue too. We Japanese are indoctrinated with the United States' idea of universal human rights. At the same time, the Japanese repeatedly say the concept of nation is old, and use the word "global citizen" these days. When Japan tries to make contact with Asia by employing such an American-made idea, Asia reacts emotionally in the fashion of "our people are..." and "our country is..." But, Japanese find it difficult to deal with it. That is why Japan concentrates on investing money and technology in Asia.

### **The "Silent Empire" Lost its Identity**

[Miyamoto] Some say that Japan has to speak out against the cosmopolitanism of the United States from the viewpoint of representing the individualism of Asia. However, doing so will put us in a dilemma because Asia at the level of life and emotion — with which we feel a sense of unity — can only be recognized in a negative way. For example, while Mr. Nishibe used the expression "the joys of life are sung" at the beginning, it cannot be denied that it is Asia that has treated this teeming life so lightly.

A recent example is Cambodia's Killing Fields. In China too, of course there was the Massacre of Nanjing by the Japanese Army, and what was more tragic was the massacre during the civil war between the Kuomintang and the Chinese Communist Party. It was not the sort

of massacre that was the result of something going wrong under an extreme situation like war. Speaking of teeming life, it seems to be treated as if it is just the sort of life that is bred and then harvested.

The next problem is whether we have any sense of unity with Asians at the level of culture, thought, philosophy, or religion. Perhaps, this may not exist.

[Nishibe] The people of Southeast Asia may become angry, but if civilization is taken as a yardstick, Japan is, as it were, its elder brother. In the area of civilization, especially in both industrialization and democratization, Japan has achieved certain results by revealing the Japanese way of building human relationships to the West, and, in particular, the way of building an organization. That is why Japan's GNP [Gross National Product] increased, a kind of equality was achieved, and social indices improved. In Japan, however, such a Japanese way of doing things is now virtually considered to be no longer effective. Limiting the discussion to economic issues, people say Japanese management is outdated, and how to break away from it is their present problem.

Then, what will be brought to Southeast Asia by the Japanese who are going to do business or have exchanges there. The Japanese themselves are now denying the know-how and accomplishments of their organizing ability. This ability is Japan's original creation to some extent, and this means Japanese are going into Southeast Asia without an identification card that tells who they are. Well, because the introduction of Japan's science and technology is very much welcomed in Southeast Asia, Japanese are allowed there at least for now.

Although Japan was often said to be the empire of silence, until now it has explained its identity or characteristics to the West quite a bit. By explaining in detail what Japan is, Japan has approached the West, like Mr. Miyamoto said.

This time, Japan not only does not give this kind of explanation, it also says there is nothing to explain. Since Japan is going to Southeast Asia in this way, in that sense, it seems to me that Japan is in Southeast Asia with the "imperialism of silence."

### **Great Illusions of Cheap Labor**

[Miyamoto] It has become clear through our discussion that such a method of approaching Asia — which probably started in 1985 after the Plaza Accord, and is being promoted further in the 90s — is very dangerous. Then, this approach has to be corrected at some point, or if doing so is difficult, I think it has to be reconsidered at



least. In that case, I think the question of where we can get clues about how to reconsider the issue is significant.

[Nishibe] During my visit to Southeast Asia, I was a little surprised to know that the percentage of how much a company can save in terms of costs by doing business there, compared to having operations in Japan, is — while the figure differs according to companies and the type of business — roughly 25 percent. I heard the figure is about the same for Japanese companies in China. It seems that companies can only save that much. Come to think about it, this is an amazing number. The wage level in Vietnam is one thirtieth of that in Japan. In Thailand, it is about one tenth. At any rate, the Japanese have the image that cheap labor is everywhere in Southeast Asia. And that is why doing business there is said to be economically rational.

Economic commentators are making a lot of fuss about this phenomena as mega-competition. They have been stirring up a sense of danger and fear for the last several years by saying: the cheap labor of the entire world, including former Soviet Union, is flooding the markets after the dissolution of the Cold War structure, and since capital moves toward cheap labor, it is certain that the Japanese industry will hollow out unless some measures are taken.

However, even if labor is cheap, it can save the companies only 25 percent in costs. So probably the real picture of this labor is that it is cheap, but at the same time, it's productivity is low.

Of course, the "productivity" in this case is productivity in terms of industrialization. In reality, the Southeast Asians can be said to be far more affluent than the Japanese in some sense. It is the kind of affluence in which three coconut trees are enough to make a living. Nevertheless, from the industrial point of view, this is low productivity after all. If one knows a little bit of economics, this is a natural conclusion because the level of labor productivity equals or is in proportion to that of wages.

Interestingly, it is a good way to agitate people if we say, "why do not we go to Southeast Asia to seek cheap labor?" On the other hand, if one says, "why do not we go to Southeast Asia for low productivity," — while both are true — he will be regarded as almost crazy. I have been wondering why such evident figures have not been taken up formally in Japan.

In connection with the fact that cheap labor can only reduce 25 percent of costs, let me add that the yen depreciated by 25 percent at one point — by the way, people attribute this to the hard work of Mr. Sakakibara, director general of the Finance Ministry's International

Finance Bureau, who is a friend of mine — during the three weeks I had been to Southeast Asia.

[Miyamoto] (Laughter) Everybody knows the recent strong yen is not normal in any sense. While many factors can be considered to be the cause of this situation, we, at least, know that the situation is extremely uncertain, or unclear. If it is so, the only thing we can do at this point is to try to do something that is certain. This is the best way. Going to Southeast Asia is perhaps among the choices for such a safe method. In actuality, however, it can only save a mere 25 percent. In other words, the problem is that people, reacting to disturbance or changes in external circumstances, diffuse their own way of thinking in confusion, and are groping around within themselves while they are still disturbed. Normally, one has to go back to the basics all the more when a situation is confusing. Then, people will come to understand that doing business in Southeast Asia is one of their options, and they can choose to take other measures as well.

#### **Organization Management is Japan's Asset**

[Nishibe] Yes, Japan can do business or have exchanges with Southeast Asia in a slower and more steady way. There is no need to cry out like, "We now have no choice but to go and seek cheap labor in Southeast Asia because of the strong yen" since if Japanese industry hollows out due to the strong yen, then the yen will inevitably depreciate because the hollowing out of the industry means the Japanese economy is in danger. So the story comes back to where it started. Those who claim that Japan should go to Southeast Asia do not understand this simple logic.

Also, while this is an issue of economics, exchange rates are not determined by trade balance alone. Exchange rates, for instance, involve factors such as expectations and prospects for a country's economy. The trade balance will be basically determined by whether a product is good, and whether it is expensive or cheap. In the case of exchange rates, however, a factor like pessimism for the future, and the issue of uncertainty mentioned by Mr. Miyamoto clearly come into play. Nevertheless, Japan with a very distorted understanding of economics — trade surplus always means the appreciation of the yen — has agitated for going to Southeast Asia.

[Miyamoto] As you say, not only the economy or industry of a country but also the country's future is reflected in exchange rates. Then we can say that the recent depreciation of the dollar was a very serious problem for the United States. In terms of the economy at least, however, it is said that the United States has recovered its competitiveness, and some of its



industries are now extremely competitive. I think Japan should welcome this recovery and feel relieved about it. But, those people who are called economists in Japan, and industrialists are saying: "The United States has recovered! How are we going to deal with it?" or "How should we cope once again with the States' economic power in order to survive?" Although they laughed at its stagnant economy and dealt with it quite arrogantly until a little while ago, they reacted as if a fierce wolf was approaching when they heard that the U.S. had economy recovered. If one thinks about it calmly, he will understand that the recovery of the U.S. economy is best for Japan.

After all, we can say that Japan's attitude toward the United States is inconsistent. Not only is this true in the area of economy but also in every aspect from politics to culture. Japan does not know how it should deal with the United States. I guess Japan's attitude has greatly depended on the circumstances of the times for the 50 years since the war.

[Nishibe] I agree. For instance, as I said before, what is known as Japanese management — "management," in this case, broadly refers to the method of group administration — is said to be no longer effective. What is proposed to replace it is market competition based on American individualism and rationalism, and this is virtually the only proposal. Of course, even I understand that lifetime employment, seniority-oriented wage system, and company unions have to become more flexible, or Japanese firms will not be able to cope with the rapidly changing international situation. I understand the necessity of slimming down the Japanese way of management that has ripened and become too fat by being indulged during the period of high economic growth and the bubble economy. However, I think it has to be done by reconfirming and re-strengthening the spirit and essence of the Japanese way of group management so it will be able to deal with international relations.

The reason is because this Japanese way of group management is the only asset that Japan can depend on. When it has a bad effect, it can be corrected since we do not have any other method to replace it. Nevertheless, in reality, Japan has destroyed its organizations in many ways. First, the LDP [Liberal Democratic Party] was destroyed, then the bureaucracy, and even various corporate organizations.

If one has studied economics to begin with, he knows that the market cannot deal with uncertainties. The bubble economy was so in some sense. It was witnessed that people's expectations could turn into a sort of frenzy, and skyrocket. Also, in terms of international

relations, the exchange rate fluctuated by 25 percent in three weeks. This fact alone indicates the huge uncertainties that the world economy suffers. Then, I think we have to confirm that the very reason the capitalist economies developed organizations from the start was to cope with uncertainties: If we have a stable human environment, even if an unexpected situations arise, such stable and solid human relations can take care of and somehow deal with them. This is why organizations exist.

If people knew economics, they would never glorify the market. Well, I have been thinking economists and economic commentators are almost crazy.

[Miyamoto] Organizations are what the United States of the 20th century has made. Organizations are what the U.S. economy is, and what U.S. companies are. Of course there are major differences between Japan's organizations and those of the United States, but Japan has learned from U.S. firms that the market can be dealt with by the power of organizations. It seems Japan is confused here again.

[Nishibe] As a matter of fact, the issue of organizations is also a big problem with regard to Japan's relations with Southeast Asia.

For example, a behavior like taking the lead and setting an example to others — which is considered to be a virtue in Japan — is a very shameful act in many other Asian countries. If a Japanese manager in Southeast Asia, for instance, tries to send the message of "let us keep our offices clean" by picking up trash in the hallway, he will be looked down on immediately as "our president is a really miserable person." It seems like people's reactions are that they have to snub a leader who picks up trash in the hallway.

In addition, Southeast Asian countries are a heavily academic background-oriented society. This is partly due to the fact that the ratio of students who go on to college is only about 3 to 4 percent. After all, people with little schooling cannot enter the social stratum of people who have high academic backgrounds. In Southeast Asia, if a person with little schooling — even though he is competent and produces achievements — carelessly goes in there, he will be picked on, and could even be killed.

This accounts in part for the low labor productivity. Then, what kind of exchanges do the Japanese plan to have when they go and establish company organizations in Southeast Asia? Are they going to spend time on trying to make Southeast Asians understand that Japanese management has merits?



### Face the Danger of Doing Business in Southeast Asia

[Miyamoto] Economy is not an activity that involves just money and technology. It is a human activity. Naturally, it has to be formed — or rather I should say, happens to be formed — within a culture or society. Usually it should not be destroyed so easily.

Europe is a good example. In particular, the UK. For the British, the decline of their economic power which was formed in the above way has been the theme of their discussion for the last 100 years or so. The conclusion has always been that British society is the problem. But, it has not led to the idea of destroying their society.

[Nishibe] Although the number of young workers may be small in underpopulated areas, for example, like Kagoshima [a prefecture in the southern part of Japan] — I am afraid this may sound impolite to the people of Kagoshima — there are workers whose age is 60 or so. Even if they are 60, they can still work well since people's life expectancy is now over 80 years. After all, they have led the Japanese way of life, and because of that, they are relative experts on Japanese-style organizations and labor. We can ask them to work — as entertainment in old age and to give them a reason for living — at slightly lower wages. I guess it would be better to consider going to Kagoshima or Aomori [a prefecture in the northern part of Japan] than to go all the way to somewhere in Asia, where language, religion, and culture are different, and struggle desperately only to find oneself in "a heap of dead bodies."

Here is another possibility. The employment structure of Japanese companies in Southeast Asia is something like one Japanese to 300-400 local workers. However much such a minority talks about Japanese management, its voice does not reach the local employees to begin with since there are too many people. Then, what about having foreign workers come to Japan to work at low wages of about half, or one third of the salary of Japanese employees? At this wage level, however, the foreign workers may find it difficult to live in Japan, and their salary may not be sufficient to send money to their families in their countries. So some measures including a subsidy by the government — for example, guarantee foreign workers a low-rent housing — have to be considered. Then, foreign employees can work, say, three or four years in Japan learning to work Japanese style to some extent, and at the same time, they can send or save money. This will be good for Japanese as well as for foreign workers. I think we can carry out something like that.

What I am trying to say is that there should be things to be considered other than making irresponsible claims

like: "The industry will hollow out due to the strong yen," "such and such company will be the first to get the cheap labor of Southeast Asia," and "this is what free competition is."

In addition, markets for foreign capital are expanding, as it were, horizontally in the present Asia without an improvement in productivity — I immediately noticed it when I visited there, and I heard that a U.S. economist is also studying this. In fact, this is the terrible reality of Asian nations because once foreign investment stops, these economies could collapse all at once.

I cannot say for sure since I am not a predictor, but I think people should recognize that the following is a strong probability: One day Asian nations, including that huge China, will suddenly find no capital flowing in, and they will all dry up.

[Miyamoto] I agree. In FOREIGN AFFAIRS, for example, there are a large number of articles by Americans that discuss apprehensions about the Chinese economy, or points out the Chinese economy is an obese child and how fragile it is. On the other hand, Japan's economists and analysts of international relations have scarcely discussed the basic weakness of the Chinese economy nor identified its problems. I have a sense of crisis about this situation.

[Nishibe] The capital of overseas Chinese in such places as Hong Kong, Singapore, and Taiwan is usually invested in real estate. They buy land at a lower price, or build a building economically, and sell them at the highest possible price when the real estate prices in the region become heated and are about to reach their peak. To put it plainly, it is a method of "earn and run away." By this, I do not mean to be critical of it. This is what Chinese capital — and also Jewish capital — has been doing for thousands of years. In contrast, Japanese do not have this kind of ability. For better or worse, Japan is a manufacturing nation after all. Making a product is impossible without human relations and organizations, as I previously mentioned. So I think when we do business in Asian countries, we have to first make an effort at finding out what kind of product can be made there.

### To Avoid Triggering "Amok"

[Miyamoto] I think, and I am half praising, that the United States is unique as an experimental country. So even if there was a new industrial revolution that the States is trying to start, I do not think Japan could do it. In other words, I think Japan will be forced to make a choice in which it has to build a society and manage its economy in a way different from the States.



[Nishibe] The fact that rule making, including commercial law, is in a premature stage [in Southeast Asian countries] can be pointed out as another reason for the previously-mentioned low labor productivity. Therefore, if Japan really intends to have a long-term relationship with Southeast Asian countries, it has to show them its opinions and give advice on the sort of commercial laws to be made, and what kind of regulations should be applied to the market, regardless of whether they can actually carry them out or not.

Nevertheless, Japan, under the influence of the United States, thinks regulations are not necessary and ends up taking an "Asia should do the same" approach to Southeast Asia. I think Japan should spend a lot of time on approaching other Asian countries by showing them a list of Japan's know-how on building a nation, making laws, building organizations, and developing the will to work — "This is our list. What do you think?"

Then, while this may sound a little idealistic, I guess, with respect to exchanges with Southeast Asian nations, exchanges of people will become more significant than just investing money and technology. But then, I am not a humanist nor do I think human beings are honorable, and so I do not think something wonderful would happen if there is an exchange of people. Yet, relations with Southeast Asia will become really poor unless Japan painstakingly takes measures like giving support for education, aid for Japanese education and related activities, or support for English education aimed for exchanges with Asians since English is very useful in Asia and has become its official language.

[Miyamoto] What Asian students in Japan want to know are things like the role of Japan's financial system in its economic growth, and how Japanese engineers and ordinary workers have improved the productivity of a product and advanced their technology. But, the line of discussion in Japan — as it can be seen in an article published recently — tends to be: Japan has to become the glue between Asia, and the United States and Europe by displaying a model market economy, and in order to do so, it should take the lead in opening its markets, and carrying out deregulation.

[Nishibe] During a visit to Southeast Asia, I heard a very interesting word. It is "amok." This word, originally a from Malay, is now English. The meaning of the word is something like "a sudden group hysteria." I guess this expression became English as a result of a fearful situation when British and French were ruling Southeast Asia in which people who were extremely obedient yesterday suddenly revolted in unison today.

Since Europeans are experienced in colonialism, they are quite resistant to such a situation. In contrast, we do

not even have the ability to deal with such a situation. People in Southeast Asia are very obedient and docile to their careless Japanese manager, and they are really suited to production labor. There was a person who said something to the effect that Japan can just invest money from now on, but I think this is thoughtless. In a nutshell, I have a feeling that if Japan keeps dealing with Southeast Asia in terms of just money and technology in this manner, one day it will find itself in a situation where the obedient people of Southeast Asia are suddenly running "amok." If it happens, Japan will not be able to cope with it, not to mention the example of the Greater East Asia War.

Although I do not intend to stir up pessimism, this is what my view is. After all, I think the issue of international exchange, including economic ones, has to be approached thoroughly and from all sides by spending more time on it.

#### **Japan's Rice Aid to North Korea Questioned**

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pp 12, 13

[Article by Akiko Kusao, editor: "For Whom Is the Thankless Aid to North Korea?; What Did Japanese and North Korean Politicians Aim To Gain From Each Other?"]

[FBIS Translated Text] North Korean ships loaded with 44,000 tons of rice are to leave five harbors including those of Tokyo, Nagoya, and Kobe around 20 July to ship the first batch of rice supplies to North Korea.

Only less than two months have passed since a North Korean delegation made the request for rice to the delegation of Japan's ruling parties. The talks progressed at a stretch, apparently pressed by the urgency of the request from the North Korean side which said that "we need it before a rainy season in early summer." However, looking backward, I feel that there are many unclear points in circumstances surrounding the current rice "aid" and that there has been a considerable difference of perception between Japan and North Korea.

On 30 June, Japan and North Korea reached agreement that Japan would furnish North Korea with a total of 300,000 tons of rice in both grant and credit. The quantity of 150,000 tons to be furnished in grant is equivalent to an amount of 2.4 billion yen which will be disbursed from the Official Development Assistance (ODA)'s "emergency aid" fund. As to the portion of rice to be supplied in credit, repayment will be made on a 30-year deferred payment basis with an initial grace period of 10 years. Such a condition unmistakably puts this portion under the category of "aid."



However, North Korea does not have such a perception as long as remarks by people connected with North Korea are concerned.

After the agreement was reached, Yi Chong-hyok, vice chairman of the Asia-Pacific Peace Committee who represented the North Korean side, said as follows in response to a question at his interview given to ASAHI SHIMBUN: "The negotiation this time has ended with success. When the contract is implemented faithfully, it will have a good effect (on the normalization of diplomatic relations). However, there was a move on the part of Japan to prolong the talk. If such an abnormal proposition as we saw this time is put forward again, it will have an unfavorable effect." This is an utterance which confuses us as to which side on earth is the helper.

Ho Chong-man, responsible vice chairman of the General Association of Korean Residents in Japan [Chongnyon] also made the following remark in his speech at an opposition party's study meeting: "We are not telling you to simply give us rice. We will pay back for it when we can afford to." Well, we cannot help it if that is the way the country behaves, but the country does not seem to be at least thankful.

#### **"It Is Japanese Side That Brought It Up"**

To begin with, which side brought up the rice issue first, Japan or North Korea? Things are not clear even on this question.

The North Korean delegate, Yi Chong-hyok, explains as follows in response to MAINICHI SHIMBUN's news-covering activity: "In March this year, a delegation of the coalition ruling parties visited our country to create a favorable environment for resuming negotiations on diplomatic relations between North Korean and Japan. At that time, a remark was made from the side of the three parties that 'Japan can furnish surplus rice' and we also answered that we are ready to receive it."

A Chongnyon official in charge of publicity also says in a definite tone: "It is the Japanese side that officially brought up the rice issue. This is a fact. Our country decided that it would accept the offer 'if that is what you say.'"

However, former Deputy Prime Minister Michio Watanabe, who led the delegation of the ruling parties to North Korea, immediately denies that. He says: "That is wrong. It was the other side that brought it up. I never brought it up." Nevertheless, former Deputy Prime Minister Watanabe said that he had nothing to do with secret negotiations before March.

Since last year, Liberal Democratic Party Policy Affairs Research Council Chairman Koichi Kato has continued

secret negotiations with North Korea. The same party's Diet Affairs Committee Chairman Taku Yamasaki, who has pushed ahead with the negotiations hand in hand with Mr. Kato, gives the following ambiguous explanation: "While talking, we came to know their scarcity of food. They also stated unofficially that 'Japan has a rice surplus, has it not?'"

In addition, according to a ROK source, while visiting the ROK in January, Policy Affairs Research Council Chairman Kato met with Prime Minister Yi Hong-ku and others to feel them out and see how they will react in case Japan will extend the rice aid. There is no doubt that Mr. Kato had the rice aid in mind long before the ruling parties dispatched their delegation to North Korea.

One more thing that we do not know is how tense the North Korean food situation is or if rice is really in short supply there. The talk on the rice aid proceeded with this question remaining unraveled.

North Korea does not publish any statistics on grain production. According to estimates by the ROK government and others, it lacks nearly 2 million tons of grain (including potatoes, etc.). Citing its internal data, the Public Security Investigation Agency also says that "it reportedly has only 1.5 million tons though its annual grain consumption stands at 4.5 million tons, but we do not know real figures for certain."

Yet North Korea's state-run broadcast is reported to keep making the following propagandist remark: "Following their rice-planting for a rich harvest, the farm villages in the North resound with merry weeding songs, while farm villages in the South are devastated and farmers there are tormented with anxieties about their crops" (SANKEI SHIMBUN).

The Foreign Ministry asked North Korea to disclose the rice demand-supply situation, but the request was not accepted after all. Asian Affairs Bureau Director Yutaka Kawashima makes the following lame explanation: "As the government, we had a certain knowledge as to the serious food shortage in North Korea through overall judgement from various pieces of information, and we now believe that the rightness of such a knowledge we had has been endorsed through the recent exchange of words with the North Korean side."

Although the actual demand-supply situation is said to be unclear, there are already rumors even about additional assistance. It appears that an additional aid amounting up to 500,000 tons is already a settled matter.



### "Advance Payment" in Postwar Compensations?

The suspicion that the supplied rice will be stocked for military use or resold to a third country has not fully been dispelled either.

The instrument of agreement between Japan and North Korea on the rice aid says: "Assurance shall be given that the supplied rice is used properly only for consumption for the people's livelihood." And the instrument provides that the North Korean Red Cross shall report the rice distribution status to the Japanese Red Cross. However, in practice it is difficult to track down where the rice was used.

Mr. Yamasaki says: "It cannot be that the rice will be stocked for the military. However, if there is some reserved rice in the military stock, there can be the possibility of our rice being used for its replacement (the possibility of rice from Japan being used to replace rice in the military stock). Be that as it may, nothing is wrong because the rice thus replaced with ours will, after all, go into the mouth of the people." However, if there is some reserved rice in the military stock, it is "food for combat purposes," that is, a military material. Would it not be reckless to argue that assistance to such a stock is justifiable if the outcome is good?

As to reselling as well, a watcher of North Korea makes the following explanation: "It does not add to the achievement of the Asia-Pacific Peace Committee if the committee fails to change [the rice] into foreign money so as to pay to the authorities. This is because what is assessed most highly in North Korea is to obtain foreign money for the party and the military. I do not think that the rice will go into the mouth of the people."

However, in cases like this, true features will hardly be revealed unless the lid is lifted. We have no option but to pray that the rice may reach the mouth of citizens who are suffering from the scarcity of food.

Viewing things from this context, it in a way seems to be the Japanese politicians rather than the North Korean side that took the initiative in extending the rice "assistance" in quite a forcible manner.

When we generalize remarks by related people, we get glimpses of a situation in which rice has, perhaps, been used as a tool by politicians who are anxious to perform an exploit by promoting normalization of diplomatic relations with North Korea—a pending postwar task together with the return of northern territories—in this particularly significant 50th year of the postwar period, and in addition, North Korea has perhaps read their minds.

Former Home Minister Hajime Ishii, who served as secretary general of the Kanemaru-led delegation to North Korea and also had chaired the Japan-DPRK Parliamentarians League until last year, explains as follows though he has not participated in the current rice aid: "Politicians do not necessarily gain by engaging themselves in the matter of relations with North Korea. Rather, those Diet members who laid their hands on the Japan-North Korea issue in the past all ended up in an awkward situation. Yet the Japan-North Korea relationship is one of the two pending tasks (the return of four northern islands and the normalization of diplomatic relations with North Korea), and so it has an interesting aspect for politicians."

In Mr. Ishii's remarks, there was a portion that somewhat weighed on my mind. According to him, before the Kanemaru delegation's departure for North Korea, the Chongnyon's First Vice Chairman Yi Chin-kyu called on the delegation and asked for "advanced money" in postwar compensations. And in fact, when the delegation went to North Korea, the delegation reportedly saw a clear reference to the "advance money" payment on the original text of the Japan-DPRK joint declaration. This portion was deleted through negotiations, but the North Korean side is said to have adhered to the request quite tenaciously.

Curiously enough, this story coincides with the following explanation by a public safety source as to the current rice aid: "It is not rice itself that North Korea wants. Instead, I believe that North Korea has begun a move for a kind of 'advanced receipt' in compensations for 50 postwar years. The first bullet fired to this end has been rice, has it not?"

A diplomat who specializes in the Korean Peninsula question says that North Korea does not have "strategies" requiring real brain work although some people claim that it has them. He says that it only has "tactics" used in pursuing feasible courses whose choice is always limited.

However, as was seen in the nuclear suspicion case, North Korea makes it a point to cross swords with its rival on an equal footing by waving a "card" before the rival's eyes though it is unknown if the "card" is really an ace or not. This way of adroit diplomacy seems to have proved effectual this time again in its application to Japan. The Japanese government and ruling parties hold an optimistic view that the current rice aid will give an impetus to the resumption of negotiations to normalize bilateral diplomatic relations; however, we never hear any remarks to this effect addressed from the Workers Party of Korea. Whose benefit and what purpose on earth would have the rice been intended for?



**NIDS Professor Analyzes Security Arrangement**

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[Article by Akira Kato, researcher, National Institute for Defense Studies: "Japan's International Strategy for the 21st Century; Japan's Security; Reaffirming the Japan-U.S. Security Treaty"]

[FBIS Translated Text]

This year marks the fiftieth anniversary of the end of World War II, but the relationship between Japan and the United States is shrouded by cold feelings more than ever. The only cheerful topic seems to be about Nomo [a Japanese baseball player in the United States]. Neither of the two countries seems to have any motivation to celebrate the half century of friendship and peace after the war. Instead, frictions between Japan and the United States continue to escalate.

First is a cultural friction. A plan by U.S. Postal Service last December to issue stamps with a design of an atomic bomb explosion, a cancellation of exhibit of the atomic bombings at the Smithsonian Museum, President Clinton's speech in April this year to justify the dropping of atomic bombs, and so on — all these American actions concerning the atomic bomb issue were received with unpleasant feelings in Japan. Moreover, the United States has also criticized Japan's attitudes toward the attack on Pearl Harbor and World War II, creating a heavy residue of hard feeling over the history of the war among the citizens of both Japan and the United States.

In the economic area, a serious confrontation between the two countries that had never been seen before developed in May over the issue of automobiles and auto parts, which account for about 60 percent of the U.S. trade deficit vis-a-vis Japan. In the end, Trade Minister Ryutaro Hashimoto and U.S. Trade Representative Kantor managed to reach a compromise right before the negotiation deadline on 29 June. Yet, regarding "numerical targets," a main focus of the negotiation, the U.S. side, which wanted concrete figures, stipulated a target number of foreign-car dealers according to its own estimate. On the other hand, Japan, which opposed "numerical targets" throughout because of their implication of managed trade, made its position clear that Japan "has nothing to do with the estimate" that could be construed as a "numerical target." The negotiation was concluded eventually with inclusion of the arguments from both sides, postponing basic resolution on "numerical targets" for the future.

At present, however, the most serious friction is that the security issue is gradually being affected by this series

of these cultural and economic frictions. This friction in the security area is surfacing itself in the form of such questions as whether Japan and the United States, which are in conflict with each other over these cultural and economic issues, should maintain the Japan-U.S. security treaty, and if so, what kinds of roles the treaty should play.

For fifty years since the end of the war, no matter how badly frictions escalated, the Japan-U.S. security treaty has been an unshakable anchor for the relationship between Japan and the United States. But, now that the Soviet Union is no longer a common threat, the role of the Japanese-U.S. alliance has become obscure and devoid of substance. If the basis of the Japan-U.S. security treaty becomes shaky, that will affect the whole of the bilateral relationship immeasurably. Unless we redefine the Japan-U.S. security treaty in light of the international security environment of the post-Cold War period in a way that can be understandable to the citizens of both Japan and the United States, the future of the hollowing and shaky Japanese-U.S. alliance will be in peril.

### **The Japan-U.S. Security Treaty in the post-Cold War Period**

Before examining the issue of redefining the Japan-U.S. Security Treaty, let's have a quick review of how the treaty has been defined during the Cold War period.

Needless to say, the biggest role of the treaty for both Japan and the United States during the Cold War period was to cooperate with each other in counteracting the common threat, the Soviet Union. In other words, it was a "treaty for strategic deterrence against the Soviet Union" (per Ryuichi Tejima, "Japan, Shoot the FSX"). By concluding an alliance through the Japan-U.S. security treaty, the United States protected Japan with its nuclear umbrella from the Soviet threat, and Japan aided U.S. troops by providing back-up support bases to contain the Soviet Union in the Far East. In this way, both Japan and the United States shared the benefits of the treaty.

In addition to the role of "strategic deterrence against the Soviet Union," the treaty had another role. That was a role of "strategic deterrence against Japan" (per Tejima in his book mentioned earlier) to prevent recurrence of a militaristic Japan.

The United States had to keep its old enemy, Japan, from becoming a military superpower to challenge it again. Therefore, it created a "major system of subjugating Japan to the United States" (per Sugihisa Hara, "A Structure of Japan-U.S. Relations") through the Japan-U.S. security treaty, and tried to suppress the



revival of a militaristic Japan in a Big-Brother/Little-Brother relationship.

In reality, however, the war-torn Japan had no economic means whatsoever to rise as a military superpower. Shrewdly enough, Japan used this role of the "treaty for strategic deterrence against Japan" in its favor; it regarded economic reconstruction as its most important objective during the Cold War period, and focused only on light-armed, economy-first policies. This is the so-called Yoshida Doctrine. As a result, Japan succeeded in achieving miraculous economic reconstruction in merely half a century, and was able to become an economic superpower on a par with the United States.

During this process of Japan to become an economic superpower, however, the Yoshida Doctrine, which is another side of the "treaty for strategic deterrence against Japan," gradually became the cause for frictions between Japan and the United States. In other words, this economy-first policy produced a series of economic frictions with the United States. Beginning with the dispute over the textile issue in 1969, frictions expanded in their scope and intensified with Japan's economic growth to steel, televisions, and machine tools in the 1970s, and automobiles, semiconductors, beef, oranges, and so on in the 1980s.

In the security area as well, the light-armament policy under the Yoshida Doctrine began to create a friction over defense issues in the 1980s — the second stage of the Cold War period. During that stage, the United States requested Japan to increase defense efforts to counter the Soviet Union. And, as Japan, which has become an economic superpower enough to create economic frictions with the United States, was still limiting its defense expenditures to one percent of its GNP, the United States voiced a series of criticisms against Japan as taking a "free ride." In response, Japan tried to ease this defense friction by deciding in December 1983 to provide weapons technologies to the United States, concluding a Japan-U.S. strategic defense initiative agreement in July 1987, making a Cabinet-level decision in January 1987 to remove the one percent of GNP limit on defense expenditure, and so on.

Even if the Japanese side did not make these efforts, the Japan-U.S. security relationship would not have become so shaky during the Cold War period as it is today. The reason for this is that there was the common enemy, the Soviet Union. In other words, the "security treaty for strategic deterrence against the Soviet Union" solidified the alliance between Japan and the United States. Furthermore, the United States could not ignore the "security treaty for strategic deterrence against Japan" so as to prevent recurrence of a militaristic Japan. The

United States did not want Japan to be either too weak as a mercantile nation focusing only on economics, or too strong as a samurai nation. Because of such sentiments in the United States, the Japan-U.S. security treaty was able to build a stable relationship between the two countries during the Cold War period.

### **A Cap on a Bottle**

However, as the Cold War ended, and the threat of the Soviet Union disappeared in 1990, the Japan-U.S. security treaty completed its role of "strategic deterrence against the Soviet Union." Its remaining role is "strategic deterrence against Japan" only. This point is well illustrated by the so-called "cap on a bottle" argument.

In March 1990, Major General Henry Stackpole of the U.S. Marine Corps in Japan said in an interview with the Washington Post as follows: "Japan already has a potential of extremely high-level military capabilities. If U.S. troops withdraw from the area, Japan will strengthen these capabilities. No one wants to see a revival of a militaristic Japan. In effect, therefore, we are a cap on a bottle." But, if the U.S. troops stationed in Japan are the "cap on a bottle," Japan's sharing of expenses of U.S. troops stationed in Japan is not only a sympathy budget but also, as some anti-U.S. nationalists criticize, "like prisoners paying prison guards to protect them."

Such being the case, the concept of "a cap on a bottle" — or the "treaty for strategic deterrence against Japan" — tends to create a vicious circle of mutual distrust between Japan and the United States. Therefore, Japan cannot accept the way of redefining the Japan-U.S. security treaty in the post-Cold War period as a "treaty for strategic deterrence against Japan," because such redefinition is based on mutual distrust.

But, as the Yoshida Doctrine used the "treaty for strategic deterrence against Japan" in Japan's favor during the Cold War period, this "treaty for strategic deterrence against Japan" can be used again as a trump card for Japan's diplomacy in Asia in the post-Cold War period. In other words, the "treaty for strategic deterrence against Japan" can be a source of psychological relief for Asian countries, which fear a revival of a militaristic Japan, and thereby widen the possibility of Japan's Asian diplomacy. Also, this "security treaty for strategic deterrence against Japan" has become a foundation for "arguments for the security treaty and pro-Constitution." In other words, the "security treaty for strategic deterrence against Japan" will continue to permit Japan to pursue its light-armament policy, and thereby to uphold Article 9 of its Constitution.



But, for Japan to acknowledge the "security treaty for strategic deterrence against Japan" is like proving that Japan is a nation too undemocratic to be able to take control of its own military forces, and that Japanese citizens without "security guards" may do something unthinkable. Can we call a country with no mutual trust between the government and the citizens as well as among the citizens as a nation? In the final analysis, therefore, to acknowledge the "security treaty for strategic deterrence against Japan" is in a sense to deny the existence of Japan as a nation.

### Arguments for Dismantling the Security Treaty

It is not strange, therefore, to hear some arguments that propose dismantling of the Japan-U.S. security treaty and constructing a new security system instead. These arguments in favor of dismantling the security treaty have arisen mainly from the United States.

In March this year, Doug Bandow of Cato Institute, a Republican-oriented research organization, talked about a revival of a militaristic Japan, a withdrawal of U.S. troops stationed in Japan, and a dismantling of the Japan-U.S. security treaty as follows:

In light of the past experience where Japan lost everything in World War II, and the current condition where public opinions are divided over the issue of participation in PKO [peacekeeping operations], "politicians as well as citizens in Japan have no desire for aggression or militarism." Therefore, "Japan will never repeat a policy of aggression." That being the case, the existence of U.S. troops in Japan as a "watch-dog" will only increase tensions between the two countries.

Bandow also suggested a dismantling of the security system in the Asia-Pacific region — including the Japan-U.S. and the U.S.-Korea security treaty — that has become a relic of the Cold War period as follows:

Even though the Cold War ended, U.S. troops still continue to station in the Asia-Pacific region without much reduction," imposing an annual burden of \$315 billion on taxpayers in the United States." Therefore, "we must abandon our outdated alliances and commitments," and "develop a defense strategy that is more cost effective."

And, in July this year, a noteworthy article entitled "Peaceful Dismantling of the Treaty [the original title in English is 'The Pentagon's Ossified Strategy']" (in the August issue of "Chuo Koron") was published in "Foreign Affairs," the most authoritative journal on diplomacy in the United States. The article was written by Chalmers Johnson, a professor at the University of California, who is well known as one of the "Group of Four Revisionists" and as a "God Father of Revisionism," and E.B. Keehn, a professor of Japanese politics at Cam-

bridge University. As revisionists, they analyzed Japanese politics and society one step further than Bandow, and advanced their argument for "peaceful dismantling of the security treaty." This article should attract considerable attention in Japan and the United States in the future.

First, Johnson and Keehn pose a question regarding the future of the Japan-U.S. security treaty: "How can we strengthen our existing alliance with Japan in the long run without the shared sense of Cold War related values and threats that made the alliance possible in the postwar period?"

Then, they advocate dismantling of the Japan-U.S. security treaty as follows:

By ending the "major subjugation system," or the unhealthy Big Brother/Little Brother relationship of dependency, Japan and the United States must create a "political and security relationship that is more equal." This is because the unhealthy relationship of dependency is preventing development of "healthy and liberal democracy in Japan," and instead, it is merely "strengthening the political leadership that is reactionary and narrow-minded" — a leadership that is suffering from the "collective amnesia." And, the threat to security in East Asia is not the strengthening of China, but rather it is "the U.S. attitude of continuing to doubt the ability of Japan to act as a true ally."

Of course, there are not many people who actively advocate dismantling of the Japan-U.S. security treaty. Such people are a minority even in Japan now. Since the birth of the Murayama administration last year, the Social Democratic Party of Japan [SDPJ] has changed its long-held policy against the security treaty, and stated clearly of its policy to "maintain the security treaty." At present, the Japan Communist Party is the only major political party that upholds an anti-security-treaty stance as a party platform. One of the reasons why a dismantling of the security treaty cannot get a wider support is that there is no clear security policy framework to replace the Japan-U.S. security treaty. Unless a blue print for the future is clearly presented, it is rather difficult to gain widespread support from the public.

Although not so active as arguments for dismantling, some people in Japan argue for gradual dissolution of the Japan-U.S. security treaty. A typical example is a report entitled "A Challenge for Peace," which was issued in August last year by the SDPJ's policy-making committee on "security policies for the new era." The report first states its understanding that the Japan-U.S. security treaty has completed its role to deal with the



"common enemy" of Japan and the United States, and then argues as follows:

"In this transitional period of moving toward a new international order, we will aim at shifting the focus of the security treaty toward the political and economic areas, making efforts to establish a security system at the United Nations and the Asia-Pacific region, and "absorbing" the security treaty into this system framework in the future. [passages omitted in the original text] The Japan-U.S. security treaty has reduced its character as a military treaty, and it can be regarded as an anchor for promoting international cooperation and economic cooperation."

A similar argument for dissolving the security treaty can also be found in "International Cooperation and the Constitution," an editorial published by Asahi Shimbunsha in May this year. The article proposes "reviewing of the Cold-War-style security system and restructuring of the framework so as to contribute to peace and stability in East Asia."

In essence, arguments for dissolving the security treaty are based on an idea that focuses on multilateralism for a security system, rather than on bilateralism. On the other hand, the following argument for maintaining the security treaty focuses on bilateralism, rather than on multilateralism. In short, through maintenance of the current Japan-U.S. security treaty, it seeks to find a new role for the treaty that is suitable to the international situation in the post-Cold-War period.

For example, some people in Japan voiced their opinions in 1990, seeking the role of the Japan-U.S. security treaty in economic areas, rather than in military areas, because of the loss of the common enemy, the Soviet Union. Following the economic clause in Article 2 of the treaty, they wanted to redefine the treaty as an "economic alliance." But, this redefinition has a major problem. If the Japan-U.S. security treaty is changed to an "economic alliance," why is it necessary to develop TMD [Theater Missile Defense] and such new weapons as the FSX. Also, why is it necessary for Japan and the United States to have joint military training exercises? This will make it impossible to explain the Japan-U.S. alliance as a military alliance.

An alliance by nature is a military alliance. It is formed when there is a common enemy; it is a relationship based on a "pledge of blood" where the allies will fight together without minding the shedding of blood for each other. Such a relationship does not exist in an economic partnership. What does exist is a calculating relationship to increase mutual economic benefits. Therefore, it is inherently unreasonable to redefine the military alliance implied in the Japan-U.S. security treaty according to

its economic clause. Also, if we deny the aspect of a military alliance and emphasize the economic aspect of the Japan-U.S. security treaty, that will be the same as the aforementioned argument for dissolving the security treaty.

Also, in January 1992, due to the evolvement of a new security environment after the Cold War, such as the collapse of the Soviet Union and the outbreak of the Gulf War, there arose a movement to redefine the Japan-U.S. security treaty. That is the "Tokyo Declaration of Japan and the United States."

This declaration discusses a new role of the Japan-U.S. security system as follows:

"[The Japan-U.S. security system] is a political foundation for cooperation in sharing roles and responsibilities with each other to maintain international peace and security under the global partnership." And, "the defense relationship of these two countries is of continuing importance for peace and stability in this widespread and diversified region (the Asia-Pacific region)."

Regarding the first part of this new role of the Japan-U.S. security treaty, an issue is how to share "roles and responsibilities with each other." For example, during the Gulf War that unexpectedly became a test case for globalization of the Japan-U.S. security treaty, Japan assumed the role of providing financial aid and back-up support, and the United States took leadership and fought the war on the front line. But, it is still fresh in our memory that at the time of the Gulf War, the Japanese public strongly opposed to providing direct financial aid and military-related back-up support to the United States, saying that it would be a violation of the Constitution. In the United States, likewise, strong criticisms were directed at Japan because it did not shed blood by participating in the battle. In view of the principle of democracy, that is, "no taxation without representation, it is rather doubtful how long Japan will be able to accept the so-called "U.S. spirit and Japanese money" (per Ronald Dore) type assignment of roles, where Japan provides financial aid, and the United States takes a leadership role.

On the other hand, Japan and the United States can easily accept the latter half of the declaration — the new role of the Japan-U.S. security treaty to "maintain peace and stability in the Asia-Pacific region." In Japan, for example, LDP's "party platform in 1993" emphasized the significance of the Japan-U.S. security treaty as an essential framework in the Asia-Pacific region. And, the "White Paper on Defense" also regarded the "Japan-U.S. security system in the post-Cold War security environment" as an "important bondage for stability in the Asia-Pacific region."



Also, the Yomiuri Shimbunsha's "Outline for Comprehensive Security Policy" regarded the Japan-U.S. security treaty as a "basis for maintaining Japan's security," and emphasized the contribution it would make to the stability of the Asia-Pacific region: "[The Japan-U.S. security treaty] is necessary and indispensable for Japan's security and the stability of the Asia-Pacific region as well as the world's peace and stability."

#### **A "Nye Report"**

Also in the United States, the National Military Establishment issued a "Third Report on U.S. Strategy for East Asia" in February this year. The report attempts to redefine the Japan-U.S. security treaty also from the viewpoint of peace and stability in the Asia-Pacific region. It is called a "Nye report," because it was drafted mainly by Assistant Defense Secretary Joseph Nye, a former professor at Harvard University.

A first characteristic of the "Nye report" is that it redefines the Japan-U.S. security treaty as a "strategy for stability in Asia," rather than as a "strategy for deterrence against the Soviet Union."

According to the report, the Asia-Pacific region at present and in the future is the fastest growing economic region in the world, and is necessary and indispensable for the U.S. national interest. It is necessary for the United States, which has supported the region's economic prosperity in the past, to continue to maintain a close relationship with the region in the future as well. To do so, the United States must continue to have its military troops present in the Asia-Pacific region in the future, and under its leadership it must strengthen its bilateral alliances that have been established in the region. The core of these alliances is the Japan-U.S. security treaty. Japan bears the burden of expenses that are incurred by U.S. troops stationed in Japan, and defends its territory and the 1,000 nautical miles of its sea lanes. The United States, on the other hand, bears the responsibility of providing military capabilities and nuclear deterrence. This sharing of roles and duties between Japan and the United States is not only beneficial to the two countries, but it also contributes to security in the whole region. It provides peace and stability in the international community, as well.

A second characteristic of the report is its focus on bilateral alliances rather than a multilateral regional security system.

More than anything else, the gist of the U.S. strategy for East Asia in the post-Cold War period is relationships based on U.S. alliance. Although it is necessary to create a multilateral regional security system, the purpose of doing so is not to replace or integrate these alliance

relationships, but to serve as a measure for developing trusts in the Asia-Pacific region.

Whether bilateral or multilateral relations will take precedence is an important issue as to whether the United States will be able to assume a leadership role in the Asia-Pacific region. The reason for my saying so is that the United States is at the center in all of its current bilateral relationships with Japan, Korea, and Australia, like the hub and spokes of a bicycle. Probably because of this, the United States was reportedly irritated when a plan for "multilateral security cooperation" was mentioned before the Japan-U.S. security treaty in a report issued by the Forum on Defense Issues in August last year.

#### **The U.S. Problem**

In the article entitled "Peaceful Dissolution of the Treaty" (the original title is "The Pentagon's Ossified Strategy") quoted earlier, Johnson and Keehn severely criticized the "Nye report."

In response, Nye attempted a rebuttal in his article in the same issue of "Foreign Affairs" (the August issue of "Chuo Koron"), saying that "withdrawal of U.S. troops is out of the question." Due to the limited space for this article, I cannot introduce the details of these arguments here, but in essence the point of contention between the two sides rests on a question of whether the United States has a willingness and an ability to continue to assume a leadership role in the Asia-Pacific region in the future. Incidentally, I would like to call it as the U.S. problem.

If I may summarize this rather crudely, those who support dissolution of the Japan-U.S. security treaty, like Bandow and Johnson, believe that the United States does not possess such a willingness or an ability, and Nye and those who support maintenance of the Japan-U.S. security treaty, on the other hand, believes that the United States still has such a willingness and an ability.

From a Japanese perspective on this U.S. problem, the willingness of the United States is questionable, but for the time being, the ability of the United States is a more serious question. With its huge amounts of budget and trade deficits, does the United States really have a financial ability to continue to deploy the same level of its armed forces as during the Cold War period in the Asia-Pacific region in the future? Will Japan, which is supplementing the financial ability of the United States, be able to continue to bear the burden of expenses of U.S. troops stationed in Japan? Japan is already assuming about 70 percent of the expenses of U.S. troops stationed in Japan. In light of the tightening



of budget for the Self Defense Forces at present, the situation does not look quite optimistic.

And, for Japan, bearing the expense of U.S. troops stationed in Japan is not only a budgetary problem. As mentioned earlier, it also implies such other issues as how long the Japanese public will be able to accept the situation of "U.S. spirit and Japanese money." In other words, it relates to how long the Japanese public will be able to be content with the Big Brother/Little Brother relationship — the "major system of subjugation" that ruled the Japan-U.S. relationship in the postwar period. In fact, as has become clear during the process of automobile talks, some politicians and bureaucrats in Japan are no longer content with the Big Brother/Little Brother relationship, feeling equal to the United States. The appearance of a generation of people with a new perspective on the United States will probably affect the way of redefining the Japan-U.S. security treaty to some extent, including the issue of expenses incurred by U.S. troops stationed in Japan.

In the final analysis, the issue of redefining the Japan-U.S. security treaty — whether the treaty should be maintained even after the end of the Cold War, and if so, what kinds of roles the treaty should play — depends on how the United States is going to solve the U.S. problem, and to what extent Japan can cooperate in solving the problem. The way of solving the U.S. problem and the extent of Japan's cooperation will eventually determine the future of the Japan-U.S. security treaty, either to dismantle, dissolve, or maintain the treaty as examined above.

### North Korea

#### Comments on U.S. Media, Former ROK Presidents

SK1512035395 *Pyongyang KCNA in English*  
0345 GMT 15 Dec 95

["Product of Ill-Intentioned Tieup" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — NODONG SINMUN today comments on the recent U.S. argument for forgiving Chon Tu-hwan and No Tae-u, kingpins of irregularities and corruption and man-killers, and reducing their sins.

Branding this argument as a product of ill-intentioned tieup between them, an analyst of the paper says:

Strangely enough, some U.S. news media are these days insisting that South Korea must be "extricated from the vortex of political confusion so that a more stabilized state and democracy may settle down" and "contributions" made by Chon Tu-hwan and No Tae-u for "prosperity and freedom must be acknowledged and respected."

It signalled that the investigation into the case must not be expanded but be completed at an early date. The United States is feeling irritated by the fact that the Kim Yong-sam group is being thrown into a bottomless dilemma with the revelation of the details of the "secret fund scandal" and that the investigation into the may 18 Kwangju incident is being focussed on the U.S., the backstage manipulator of the South Korean puppets.

The United States is trying to cover its true color as the manipulator and commander of the Kwangju massacre in may 1980 and as the very one involved in the "secret fund scandal" and prevent the focal point of the investigation from being concentrated on itself.

The United States must not scheme to maintain its policy of domination over South Korea. For its purpose it is now patronising the dictators, the former "presidents," who it alleged have made "contributions" and the traitor Kim Yong-sam, the main culprit of the scandal and anti-dialogue and anti-reunification element, going against the demands of the South Korean people and unbiased international public opinion. The more zealously the United States patronises them, the more disgrace it will bring on itself.

The international public circles are following the moves of the United States.

#### U.S. Position on DPRK 'Threat' Denounced

SK1512041195 *Pyongyang Korean Central Broadcasting Network in Korean*  
1223 GMT 14 Dec 95

[Commentary by Kim Ho-sam: "The So-Called Threat From the North Is the Other Side of Anti-DPRK Theory Aimed at Crushing the DPRK"]

[FBIS Translated Text] The U.S. warmongers' anti-DPRK policy of crushing DPRK is becoming more undisguised with each passing day.

The gibberish presented by Joseph Nye, U.S. assistant secretary of defense, about the so-called threat from North Korea in an interview with THE WASHINGTON POST some time ago, is a good example.

Earlier, in the so-called report on the U.S. defense strategy on Asia, he raved that the plan for the gradual reduction of U.S. Armed Forces in Asia was canceled due to the North Korean situation.

This is indeed a shameless brigandish theory reversing black and white. As today's South Korean situation shows, threat is not inflicted on the United States by us but it is inflicted on us by the United States.

Tens of thousands of U.S. troops armed with nuclear weapons constantly remain in South Korea. They are



staging war exercises one after another against us, thus straining the situation on the Korean peninsula to an extreme pitch. This is a fact well known even to the U.S. assistant secretary of defense.

Not satisfied with this, the United States is continually bringing in South Korea numerous sophisticated nuclear weapons equipped with ultramodern technology.

By babbling about the so-called emergency on the Korean peninsula, Shalikashvili, chairman of U.S. Joint Chiefs of Staff, stated that one or more carrier fleets, airplanes, and Marine Corps troops, will be reinforced in order to strengthen the rapid deterrent force.

Moreover, beginning this year, the United States carried out numerous war exercises against us together with South Korean puppets. The Ulchi Focus-Lens and Foal Eagle-95 military exercises are their representative example.

This being the situation, the gibberish made by the U.S. assistant secretary of defense that we impose a threat shows that his shamelessness has reached to an extreme degree.

The problem is that such a nonsensical remark does not merely reflect his own opinion. As for Joseph Nye, he is a high-ranking government official within the U.S. Defense Department, who is in charge of U.S. military policy toward East Asia, including Korea and Japan. We must think that his gibberish about our nonexistent threat represents not only the view of U.S. Defense Department but also that of the U.S. Administration. We have sufficient basis for this.

It was well known to the world that some time ago, high-ranking U.S. Administration officials attempted to include the content on threat from North Korea in the joint document to readjust the Japan-U.S. Security Agreement.

Furthermore, during a Japan-U.S. joint cabinet meeting held in September, the U.S. delegation claimed that North Korea is the source of threat. The similar voices have been frequently presented from within the U.S. State Department.

Joseph Nye's gibberish that the plan for reduction of U.S. Forces in Asia was canceled due to so-called the North Korean situation is a preposterous sophism.

As the entire world knows, despite the fact that the United States and South Korean authorities are rendering the situation on the Korean peninsula to confrontation and war, we are taking all possible initiatives and steps to lead it to detente and peace by all means. This is officially recognized by the world.

Nevertheless, the act of slandering others by claiming that the plan to reduce U.S. troops was canceled due to the North Korean situation is a filthy one that can be committed only by U.S. warmongers who are accustomed with such practice.

Another issue to consider is why Nye is picking a quarrel with us by distorting such solemn reality. His true intention is to find a pretext for the U.S. imperialist aggressor forces' permanent occupation of Asia and to turn their situation, which is becoming more unfavorable in Korea and other Eastern Asian areas.

As is known to all, with the collapse of the former Soviet Union, the Cold War has ended. As a result, the United States has lost its excuse for keeping its enormous troops in Asia, including South Korea and Japan. Moreover, with the issue on the position of U.S. Armed Forces stationed in Japan, the United States is falling into a more difficult situation each day.

Besides, with the demand for probing the slush fund scandal and 18 May 1990 massacre incident in South Korea, the United States, which supported the puppet regime, is being driven into more difficult situation, and is no longer able to put forward the pretext for continually keeping U.S. Forces.

The United States, feeling uneasy for this, needed the excuse for continually keeping U.S. troops in East Asia, including Korea and Japan, in order to realize its consistent strategic aims in Asian and Pacific area. What the United States has designed out of such purpose is the very theory on threat of North Korea.

All facts show that there is no change whatsoever in the U.S. policy to oppress us with strength. However, such anachronistic Korean policy by the United States can never be achieved.

Since the United States attempts to crush us with strength, we will be forced to take steps corresponding to this. We clarified more than once that we will never allow anyone to infringe upon our sovereignty.

It is good for the United States to act with discretion by correctly looking at our firm will.

#### **Comments on U.S., DPRK 'Threat'**

*SK1512081695 Pyongyang KCNA in English*  
0734 GMT 15 Dec 95

["Adventurous Design Cannot Be Allowed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Official figures of the United States are these days getting undisguised in their moves against



the Democratic People's Republic of Korea, widely spreading the rumour about "threat from North Korea.

Commenting on this, MINJU CHOSON today says that it is a concentric expression of the U.S. Korea policy and it cannot be overlooked.

The ulterior purpose of the U.S. argument about "threat from North Korea" is to find a pretext for stifling the DPRK militarily and, furthermore, save its east Asian regional military strategy at the cost of sacrificing the DPRK, an analyst of the paper says, and continues:

"Threat from North Korea" on the lips of the U.S. official figures is a completely unreasonable argument and a gangster-like logic.

The DPRK has never threatened anyone from the first days of its foundation.

On the contrary, the DPRK has been exposed to the constant threat from the United States.

We have many things to keep tabs on with the United States. However, we have sincerely implemented the DPRK-U.S. agreed framework with magnanimity and good faith in order to turn the hostile relations into ones of trust, looking forward to the future.

Although the U.S. official figures try to realise their ambition for domination, groundlessly finding faults with the DPRK, it can never work on the DPRK.

Since the United States seeks to put into practice its military adventure against the Korean system together with Japan and South Korea, we cannot but feel threatened and, accordingly, take a countermeasure.

It is our invariable stand to answer strength with strength.

The United States and the forces joining in the U.S. "argument about threat from North Korea" would be well advised to ponder over what consequences will arise from the military confrontation based on the conception of hostility to the DPRK.

#### **Banker Swindler Flees to ROK**

*SK1512121195 Pyongyang KCNA in English*  
*1152 GMT 15 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Choe Se-ung, a department director of the Development and Investment Company of Britain, fled to South Korea from London on December 12 after committing a grave crime by swindling money.

The company is registered as a corporation of Britain. Choe Se-ung is a citizen of the Democratic People's Republic of Korea, who is employed by the company.

He fled with a large sum of money he had swindled from the company and dealers, lured by the Agency for National Security Planning of South Korea.

The South Korean authorities, crazy for money, enticed the criminal to escape to South Korea to obtain the money he had swindled.

They must immediately return the criminal and the money.

#### **Anti-Chon Rally Reported**

*SK1512091495 Pyongyang KCNA in English*  
*0739 GMT 15 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Members of the joint youth council for liquidation of the remnants of "Fifth and Sixth Republics" and democratic reforms held a rally on December 12 in front of Anyang Prison, where the traitor Chon Tu-hwan is detained, a Seoul-based radio reported.

The ralliers denounced Chon for shamelessly making a mockery of the people and history while in prison, and strongly demanded that a special prosecutor system be introduced to punish those responsible for the May 18 Kwangju massacre.

Representatives of the "National Council of University Professors for Signature Campaign" for the enactment of a special law on the May 18 incident held a press conference in Seoul on that same day to outline the basic principles to be contained by the special law.

They demanded that the special law serve to punish the criminals and clarify the truth of history.

#### **Religious Groups Denounce Kim Yong-sam**

*SK1512093695 Pyongyang KCNA in English*  
*0746 GMT 15 Dec 95*

["Principal Offender and Accomplice Condemned" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Religious organizations in the northern half of Korea issued a statement and press statements in response to the people's loud voice calling for stern punishment of history on No Tae-u, who is the principal offender of the "slush fund scandal" disclosed some time ago in South Korea, and the traitor Kim Yong-sam, his accomplice.

The Central Committee of the Korean Roman Catholics Association in a statement scathingly denounced the traitor Kim Yong-sam for having received a large amount of money on the plea of "presidential election fund", "congratulation fund after his election" and so on,



branding him as a traitor to the country and the nation, a kingpin of irregularities and corruption and as the Satan playing a trick with and insulting even the devotion of religionists.

A spokesman of the Korean Christians Federation Central Committee in a press statement held that the traitor Kim Yong-sam should not resort to a petty trick to conceal his nature as an accomplice of the "slush fund scandal", that has been brought to full light, but expose of his own accord all secrets of the irregularities he committed in conspiracy with No Tae-u and step down from power without delay, as unanimously demanded by the people.

A spokesman of the Korean Buddhists Federation Central Committee in a press statement expressed the hope that the Buddhists in South Korea, who detest evils and value justice and integrity, would join the people of various strata to more courageously launch the struggle for clearing the sacred nation of the kingpin of irregularities and the groups of thieves, the largest ever in history.

#### **Teachers, Students Support South's Struggle**

*SK1512095295 Pyongyang KCNA in English  
0800 GMT 15 Dec 95*

["S. Korean Students' Struggle Supported" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Teachers and students of Kim Hyong-chik University of Education and Kim Chaek University of Technology met respectively on Tuesday and Thursday to express support for South Korean students in the struggle for a thoroughgoing investigation into the "slush fund scandal" and the punishment of those responsible for the Kwangju massacre.

Speakers at the meetings said that the struggle of South Korean students and people for a strict investigation into the "slush fund scandal" and the punishment of the chief culprits of the Kwangju massacre is a sacred struggle for realizing democracy of South Korean society and, furthermore, liquidating the U.S. colonial fascist ruling system and bringing earlier the reunification of the country.

They held that students and university teachers in South Korea should thoroughly investigate and fully expose the truth of the "presidential election" fund traitor Kim Yong-sam received from traitor No Tae-u and decisively punish the group of thieves in "Chongwadae", who have worked hand in glove with the military fascists of the "Fifth and Sixth Republics".

They also expressed the belief that students and people from all walks of life in South Korea would continue their vigorous anti-Kim Yong-sam, anti-"government" struggle until a genuine democratic government is established.

Letters addressed to university teachers and students in South Korea were adopted at the meetings.

#### **Pomminnyon Protests 'Suppression' by ROK**

*SK1512105595 Pyongyang KCNA in English  
0811 GMT 15 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — The South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) reportedly made public a statement on December 2 protesting against the suppression by the "civilian" fascist clique, who walked away its hardcore leading members and ransacked its office for documents.

The statement said the repression of leading members of the Pomminnyon South side headquarters is a product of the plots recently hatched by the authorities to label all the activists fighting for the nation and democracy as pro-communists and to totally stifle the independent non-governmental reunification movement.

"We declare that we will more vigorously wage the struggle for national reunification, together with the national movement forces and all other fellow countrymen at home and abroad who love the country," it stated.

Meanwhile, a resolution in the name of those who support Pomminnyon was issued in South Korea.

The resolution said the arrest of hardcore members of the Pomminnyon South side headquarters is a suppression of and challenge to all the reunification movement forces in South Korea and an evident revelation of the Kim Yong-sam regime's anti-reunification, anti-ethical nature.

"We will, for the present, fight vigorously for the defence of Pomminnyon and the release of those arrested and demonstrate the might of Pomminnyon with the staunch will and through practical action," it declared.

#### **Kim Yong-sam Role in Scandals Criticized**

*SK1512095395 Pyongyang KCNA in English  
0807 GMT 15 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Although the Kim Yong-sam fascist clique detained the dictators of the "Fifth and Sixth Republics", took a measure to enact a special law on the May 18 incident and renamed the "Democratic Liberal Party," Kim Yong-sam cannot shirk his responsibility for the



"secret fund scandal" nor can he escape himself from the main strike of the National Democratic Front of South Korea (NDFSK) and the South Korean people, stressed Yi Chong-sang, chief of the Pyongyang mission of NDFSK in an interview with KCNA as regards the traitor Kim Yong-sam's measure to enact the special law.

He said:

While crying for the enactment of a special law on the May 18 incident, Kim Yong-sam refused to introduce a special prosecutor system, its pivotal and keypoint issue. This is a wicked artifice to hush up the demands of the South Korean people fighting for the punishment of the Kwangju murderers. Herein lies a sinister political purpose to save the fascist rule which is shaking to its very foundation and get supporters for its long-term office.

Also underlying it is the ulterior political intention of the United States and the South Korean fascist clique to tide over the crisis of the colonial rule which is on the decline.

Yi Chong-sang stressed that NDFSK and the South Korean people would make a thorough probe into the total amount of the "presidential election fund" of the traitor Kim Yong-sam and pass a historic judgement upon him.

#### **Pro-DPRK Trader Groups in Japan Meet**

*SK1512095195 Pyongyang KCNA in English*  
0750 GMT 15 Dec 95

[FBIS Transcribed Text] Tokyo, December 13 (KNS-KCNA) — Inaugural meetings of the Tokyo Metropolitan Association of Korean Young Traders and Industrialists in Japan and the Kanagawa Prefectural Association of Korean Young Traders and Industrialists in Japan were held in Tokyo and Yokohama, Japan, on December 10 and 11.

The meetings called upon the Korean Young Traders and Industrialists in Japan to follow the examples of the Korean patriotic traders and industrialists and compatriots of the first generation in Japan, who have devoted themselves to the patriotic movement with loyalty to the great leader Generalissimo Kim Il-song, and carry on the worthwhile work for their country and nation, holding respected Marshal Kim Chong-il in high esteem.

Letters to Marshal Kim Chong-il were read out at the meetings.

#### **Poster Praising Kim Chong-il Posted in ROK**

*SK1512091295 Pyongyang KCNA in English*  
0737 GMT 15 Dec 95

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — A wallpaper praising the great leader Comrade Kim Chong-il was pasted on the wall of a public building in Suwon City on the morning of November 23, according to radio Voice of National Salvation from Seoul quoting an information of Kyonggi Provincial Committee of the National Democratic Front of South Korea (NDFSK).

Printed on the top of the wallpaper were the letters "decayed and corrupt politics of 'South Korea' is disgusting. Let us put in prison all the rulers who committed past and new misdeeds and build a bright society in this land."

Seen in lower part of the wallpaper were the letters "General Kim Chong-il, who is building a paradise of people with independent and benevolent politics, is an aspiring political leader for whom 70 million fellow countrymen revere. Long live General Kim Chong-il!"

#### **Kim Chong-il Workers Publication Reviewed**

*SK1512040795 Pyongyang KCNA in English*  
0340 GMT 15 Dec 95

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — A symposium was held here on December 13 to commemorate the 10th anniversary of the publication of the great leader Comrade Kim Chong-il's famous work "On Stepping Up the Work of the Union of Agricultural Working People".

The work consummates the profound idea and theory which indicate from a new angle the looks and features of the Union of Agricultural Working People (UAWP) as a chuche-based mass political organisation and comprehensively clarifies the problems of principle for the UAWP to keep a firm hold on in carrying out its mission and duty, and its tasks and ways for their materialisation.

Yi Chong-won, vice-chairman of the UAWP Central Committee, and other speakers said that the work is an encyclopedic work which gives perfect answers to the theoretical and practical problems arising in making the UAWP successfully discharge its mission and duty as an organisation of ideological education of the union members, a transmission belt of the party, for bringing up all the agricultural working people to be communistic revolutionaries of chuche type who remain unfailingly loyal to the party and the leader, more closely serrying our revolutionary ranks and thoroughly implementing the theses on socialist rural question.



They noted that the work gives a comprehensive exposition of the tasks of the UAWP organisations to push ahead with the three revolutions, ideological, technical and cultural, in the countryside and contribute to removing distinctions between the town and countryside, class distinctions between the working class and the peasantry and accelerating the construction of a communist rural community where all the agricultural working people will lead an independent and creative life to their heart's content, and the ways for carrying them out.

The speakers stressed that all the officials should more deeply study and grasp the profound idea contained in the famous work of respected general Kim Chong-il and thoroughly embody it in their work and life.

#### **Kim Chong-il Lauded as Military Strategist**

*SK1512040395 Pyongyang KCNA in English  
0333 GMT 15 Dec 95*

[Spelling of non-English titled newspapers as received]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Foreign press media give special writeups four years since the great leader Comrade Kim Chong-il was elected supreme commander of the Korean People's Army.

The December issue of the Indian magazine SOCIALLOOK carried an article headlined "Kim Chong-il, Supreme Commander of Revolutionary Armed Forces of Korea."

The article says:

His Excellency [H.E.] Kim Chong-il is gifted with qualities and traits of the supreme commander of the revolutionary armed forces.

Brilliant military wisdom holds the most shining place in his military idea and theory.

He is a great military strategist who has built up the People's Army into an invincible army with a matchless grit, indomitable will and superb commanding art as well as rare military wisdom.

The Peruvian paper HONDAAND the Nigerian paper NEW NIGERIAN carried a picture of Comrade Kim Chong-il cutting the red cloth to declare the Pyongyang-Hyangsan tourist highway open and introduced in detail his achievements in army building and his faithful inheritance of the revolutionary cause of the great leader President Kim Il-song.

The Bulgarian paper TRIBUNA, the Malian paper LE MALIEN, the Zimbabwean paper PEOPLE'S VOICE, the Bangladesh papers JANATA, SANGBAD, NATUN BANGLA and PENCIL, the Ugandan paper THE TRI-

BUNE, the Tanzanian paper MFANYA KAZI and the Pakistani paper DUNIYA carried articles titled "H.E. Kim Chong-il, Supreme Commander of Korean People's Army," "Glory to H.E. Kim Chong-il," etc.

#### **Overseas Koreans Pay Homage to Kim Il-song**

*SK1512035495 Pyongyang KCNA in English  
0335 GMT 15 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — The 252nd short-term home-visiting group of Koreans in Japan, overseas Koreans and foreign guests on December 14 visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and paid homage to him.

Earlier, they laid floral baskets and bouquets before the statue of President Kim Il-song on Mansu Hill and made a bow to him.

#### **Military Leadership, 'Wartime Posture' Noted**

*OW1412152095 Tokyo ASAHI SHIMBUN  
in Japanese 14 Dec 95 Morning Edition p 8*

[By editorial staffer Takashi Odagawa and foreign department staffer Izumi Sakurai]

[FBIS Translated Text] The military-led management of national politics has been conspicuously noted in the DPRK (North Korea) while Secretary Kim Chong-il's inauguration as president and general secretary of the Workers' Party of Korea [WPK] has been postponed. Is the country trying to overcome the serious economic situation, which has been spurred by the recent flood, by tightening the control of the domestic administration? This article is to look into the current situation of North Korea, which is maintaining a "wartime posture" in view of the unstable political situation in South Korea, (as stated by a Korean source in Japan).

#### **Complaint About Strict Social Regulations**

Taking the advantage of the 50th anniversary of the foundation of the WPK on 10 October, Secretary Kim undertook the first large-scale reshuffle of the military since the death of President Kim Il-sung. In this promotional reshuffle, Choe Kwang, chief of general staff of the Korean People's Army, replaced Defense Minister O Chin-u who died in February. Other appointments to the posts of marshals, vice marshals, and generals were successively announced.

#### **Well-Balanced Personnel Reshuffle**

What is noteworthy is that Kim Kwang-chin was promoted to the newly established post of the "first vice defense minister." He is supposed to serve as a mediator



between Defense Minister Choe Kwang and Yi Ul-sol, chief of the General Bureau of Guard.

According to Shoichi Tsukamoto, managing director of the Peace and Security Institute (in Tokyo) who is an expert on the military situation in North Korea, Choe Kwang is the most cosmopolitan person in the North Korean military. He is also a realistic person with an ability to analyze the world situation. Choe Kwang has a close relation with venerable officials, including Vice Presidents Yi Chong-ok and Kim Yong-chu. On the other hand, Yi Ul-sol, who was promoted to marshal, is a hard-liner who has very close ties with Kim Chong-il. Cosmopolitan Kim Kwang-chin, who also serves as military spokesman, was assigned to the post between Choe Kwang and Yi Ul-sol.

Moreover, Vice Marshal Kim Yong-chun, who was appointed as chief of general staff of the Korean People's Army, belongs to the middle-aged generation who serve as a mediator between Kim Chong-il and venerable officials. Tsukamoto says: "This is a well-balanced line-up. Secretary Kim Chong-il will be unable to take an arbitrary action against the military."

It appears that Secretary Kim Chong-il's bodyguard corps have been reinforced.

According to an informed source on the military, Pyongyang, the capital city, is defended under a "triplicate guard structure." As the first guard system, the general bureau of guard (with 100,000 troops) led by Marshal Yi Ul-sol is supposed to protect Secretary Kim Chong-il and his aides. The Pyongyang guard headquarters is assigned for the whole capital, and the third army corps is assigned for the outside of the capital.

The chief of the third army corps is filled by General Chang Song-u, who is a true brother of Chang Song-taek. Chang Song-taek is Secretary Kim's brother in law. The army corps, which used to be a reserve corps with 10,000 troops, has been recently increased to the approximately 30,000 scale corresponding to three divisions. Army Corps Chief Chang has attracted public attention because he served as general commander for a large military parade commemorating the 50th anniversary of the foundation of the WPK. Moves by Chief Chang are regarded as an important factor of predicting the power structure within the North Korean military.

**No Inauguration Until Next Summer?** With regard to this system, a source from among the Korean residents in Japan maintains: "The military has strengthened the system of running the overall national administration by appointing Secretary Kim Chong-il, who is chairman of the National

Defense Committee and also supreme commander of the Korean People's Army, as the top leader. And a wartime posture, which will last until his official inauguration, will be maintained during the transition period."

Vice President Yi Chong-ok met with members of an organization from Aichi prefecture engaged in promoting the normalization of diplomatic relations between Japan and the DPRK on 1 December. Touching on the issue concerning Secretary Kim's official inauguration at this meeting, Vice President Yi disclosed that "Secretary Kim himself has stated his intention not to respond to the recommendation until the third death anniversary of the late President Kim next July." In this connection, it is observed that the actual inauguration will not take place until after next summer.

### **Serious Food Shortage**

According to a Korean resident in Japan who recently paid a visit to Pyongyang, strict social control continues to exist in North Korea.

Due to flooding, the food supply has become more serious. In Pyongyang, the distribution of rice will continue to be delayed for three to six months. Due to an extreme shortage of meat, people have mainly fish to eat along with rice. Even primary school children are kept busy from early morning until late in the evening with ideological study or labor service. There is a growing dissatisfaction among citizens with economic difficulties and the tightening control.

A UN survey team visited North Korea to investigate flood damages from late August until September. North Korea disclosed to the team that it has suffered a loss of grain amounting to 1,901,000 tons because of the flood.

Moreover, according to RADIO PRESS, which is engaged in monitoring official reports from North Korea, no reports whatsoever have been heard this year on meetings on settlement of accounts and distribution. These meetings are normally held at various localities in North Korea following harvesting of crops every year.

These meetings on the settlement of accounts and distribution are normally held at each cooperative farm over a period lasting from mid-November until mid-December. It is an important event in concluding the annual production activities and in deciding on revenues and expenditures. In 1993, 43 reports were heard on such meetings and 17 reports in 1994.

In its analysis, RADIO PRESS maintains: "In refraining from making these reports, North Korea must have taken into account the feelings of those victims who have suffered serious damages from the flood."



Complaints about this situation have been heard within the military, and soldiers stationed on the frontline have voiced their wishes for reforming the existing system. Meanwhile, it has been reported that some, although only a minority, have voiced opinions on breaking away from the current situation, "they will be ready to engage in a battle" with the ROK.

A military source in Tokyo has pointed out that there is a possibility that taking advantage of the confusion in the ROK's domestic affairs, North Korea may attempt to turn the dissatisfaction at home outward. The same source has no hesitation in issuing a warning that local military problems may take place in the demilitarized zone. However, a source at the U.S. Forces in Japan has judged that North Korea will not break up the framework of an accord reached between the United States and North Korea on the nuclear development issue; and, therefore, the same source observes that there will probably be no military frictions between South and North Korea.

#### **Rice for Flood Victims Sent by Swiss**

*SK1412231195 Pyongyang Korean Central Broadcasting Network in Korean  
2112 GMT 14 Dec 95*

[FBIS Translated Text] Thanks to the great leader [widaehan yongdoja] Comrade Kim Chong-il's sublime idea of valuing the people like the heaven and our party's wise leadership, there has been rapid progress in the restoration of damages caused by the floods in some areas of our country, and the people's livelihood in these areas is stabilizing. Under these circumstances, international aid is continuously arriving in the country.

On 13 December, 8,000 tonnes of white rice worth 3 million Swiss francs arrived in Nampo Port. The rice was sent by the Swiss Government to our country as an emergency relief assistance. A Swiss Government delegate delivered the relief assistance to our country's official in charge that day, and it will soon be distributed to the flood victims.

#### **Relief Goods Arrive From Switzerland**

*SK1512040095 Pyongyang KCNA in English  
0355 GMT 15 Dec 95*

["Relief Goods From Swiss Government" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — International relief goods have been arriving one after another when the work is progressing rapidly to heal the flood damage in some areas of the DPRK and the life of inhabitants in those areas is be-

ing stabilized thanks to the great leader Comrade Kim Chong-il's noble idea "the people are my god" and the wise leadership of the Workers' Party of Korea.

On December 13, 8,000 tons of rice amounting to S.Frs [Swiss Francs] 3,000,000, the Swiss Government offered to the DPRK as emergency relief goods, was shipped in Nampo Port [sentence as received].

These relief goods were conveyed to an official concerned of the DPRK by a delegate of the Swiss Government and will soon be supplied to inhabitants in the flood-hit areas.

#### **WPK Sends Greetings to Panamanian Party**

*SK1512101795 Pyongyang KCNA in English  
0812 GMT 15 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK] today sent a message of greetings to the 5th congress of the Democratic Revolutionary Party of Panama [DRPP].

The message expressed the belief that the friendly relations between the WPK and the DRPP would further strengthen and develop in the future in accordance with the idea of independence, peace and friendship and hoped for a great success in the work of the congress.

#### **Defector Discusses 'Food Crisis'**

*952A0800 Tokyo SEIRON in Japanese Oct 95  
pp 86-99*

[Feature on "notes" and a "conversation" of Yi Min-pok, former deputy director of the Dry Field Crops Research Institute of the Academy of Agricultural Sciences, including a "commentary" by Motoi Tamaki and related "comment" by translator Kim Won-pong: "The Truth of the 'Food Crisis' in North Korea" — translated from the Korean texts carried in the ROK newspaper SEGE ILBO in four installments between 14 June and 5 July]

[FBIS Translated Text] "Commentary" and "Comment" on Mr. Yi Min-pok's Notes and Conversation

**Commentary by Motoi Tamaki** — It is now the talk of the town that North Korea suddenly asked Japan, the ROK, and even the United States for massive rice aid and has begun receiving rice. In the past, North Korea was evidently importing grain from China, Thailand, and Canada, and it was a known fact that the country had difficulty attaining grain self-sufficiency. Nevertheless, North Korea noisily kept sending out external propaganda with positive slogans such as "We have nothing to envy" and "Rice is, precisely, communism." As for the "theory that its residents are



in a food crisis" as reported by some Western media, North Korea counterattacked by arguing that the theory was nothing but slander against socialism. Recent moves reverse this argument.

Mr. Yi Min-pok's notes and conversation, which are introduced here, are precious materials which relentlessly delve into the actual ruinous status of agriculture — the source of North Korea's food problems — and the reason for this status as seen from the eye of an agricultural technocrat belonging to an elite group.

These notes and conversation are valuable, first, in that they attribute the basic cause of the agricultural decline to "collectivization" (the cooperative farm) and vividly depict the actual spread of "individualization" (the hidden farm), an opposite concept, at the bottom of society. This is considered the very key factor causing jolts to the foundations of the present North Korean regime.

Second, these notes show that under these circumstances, rice aid to the present North Korean leadership will only be used as a means to suppress and stem the tide of "individualization" spreading across North Korean society. They represent a keen criticism against the easy-going rice assistance policies of the Japanese and ROK Governments.

A shortcoming of the materials is the slightly excessive beautification of the agricultural achievements in the 1970's and *chuche* agriculture. This shortcoming seems to stem from a desire for self-revelation by Mr. Yi himself, who was raised as an agricultural expert enjoying elite status and given a stage for activity in those days. The same thing can be said of his too fierce attack on the theory that "terraced farms have completely collapsed in North Korea," which was publicized in the ROK. All of this indicates a mentality peculiar to defectors from the North to the ROK. Despite this, these materials are precious testimony that discloses North Korea's social structure seen through its agricultural and food problems.

The notes and conversation were carried in SEGE ILBO, a newspaper in the ROK, between 14 June and 5 July in four installments, an installment each week. Because of the serial form, there were quite a few repetitions and some disarray in sequence, making the material a little incomprehensible to Japanese readers. It has thus been decided to introduce them here in an abridged form. In some parts, annotations and supplementary notes were added in parentheses to help the readers' understanding. The responsibility for wording totally lies with this commentary writer and the translator.

**Comment by Translator Kim Won-pong**

— Mr. Yi Min-pok's conversation and notes have furnished us with new information. His knowledge and insight regarding agriculture as a [former] researcher at the Academy of Agricultural Sciences is indeed deep, as expected. In his talk, for example, he said that the use of the hidden farm was popularized even among party leaders. This is a complete surprise. It has been a long time since we heard of a food shortage in North Korea, and five years have passed since there were food riots in Shinuiju and other districts. Poor grain harvests have continued in North Korea due to bad weather since the beginning of the 1990's. And this year, North Korean authorities officially asked Japan, the ROK, and other countries for rice aid — an unprecedented event for North Korea.

There have been no reports that food riots have broken out despite aggravation with the food situation. Operation rates for factories, except munitions plants, reportedly are below 30 percent, even around 5 percent in extreme cases (Pyongyang Aluminum Plant, etc.). Plant workers, although they do not strike, must have a lot of spare time and perhaps they have been working hard on their hidden farms. According to Mr. Yi, even office workers in cities have hidden farms, and this implies that almost all residents have hidden farms. Therefore, food riots should not take place. There is no need to start riots. A riddle has thus been solved. At the same time, it has also become clear that food can no longer be used as a means to control the people. Mr. Yi writes that the cause for the decrease in food production is the collective agricultural policy. He then says that the invigoration enjoyed by agriculture in the latter half of the 1970's suddenly turned into aggravation in the beginning of the 1980's. He notes that hidden-farm agriculture, which appeared in around 1985, was pursued on a fuller scale in the beginning of the 1990's and resulted in a loss of enthusiasm for cooperative farms by farmers themselves. In this case, the best chance for riots to be triggered would be if the Kim Chong-il clique issues an order to ban unconditionally hidden farms. There is a sufficient possibility that the hidden farm will become a funeral bell tolling the downfall of the Kim Chong-il regime.

#### **Mr. Yi Min-Pok's Notes: "Collective Agricultural Policy Brings About Food Scarcity"**

I write these notes with a sense of mission to help the ROK people understand North Korea's agriculture correctly, based on my experience as an agricultural researcher who made tours of duty and visits to various places in North Korea. North Korea is a closed society without a parallel in history and so the ROK people, having no experience with North Korea, are unable to



understand and get the feel of North Korea's agricultural problems. The shortage of knowledge about North Korea is just the same for experts and the press as well, and, worst of all, even defectors from North Korea are causing confusion in this regard. First, I would like to correct an erroneous conception about *chuche* agriculture. It is an erroneous perception that the construction of terraced farms is fundamental for *chuche* agriculture. *Chuche* agriculture, which began to be clearly formulated through instructions in the early part of the 1970's, is one that advocates agricultural methods appropriate to the North Korean climate and natural features. The substance of *chuche* agriculture consists of the principle of the right crop at the right place, the green revolution (seed revolution) and clump-by-clump (*pogi* in Korean) agriculture (intensification), the five-point program for remaking nature (the completion of farm fields and irrigation facilities), the construction of terraced farms, land readjustment and improvement, flood control and water conservancy, and tideland reclamation. Terraced farm construction was one of the tasks in the five-point program for remaking nature advanced at the 12th Plenary Session of the Fifth Central Committee of the Workers Party of Korea [WPK] in October 1976. It was no more than a tentative task under the large category of *chuche* agriculture. According to the principles of terraced farm construction then, lands inclined at angles below 15 degrees were to be reclaimed and to be terraced with each terrace maintaining its horizontal level and bordered with stone-built walls. When farms are built this way, machines can go in and operate easily. The gentle slope also prevents the soil from being washed away by floods. Therefore, the following press criticism is an extreme exaggeration: "Putting it perhaps a bit too strongly, terraced farms have been built every place where a human can crawl onto on his hands and knees. No single device has been installed to prevent earth and sand from being carried away by floods." People there may be able to neglect or deliberately slow down their work. However, once the party makes a decision (to prevent earth and sand from being carried away by a flood), its violators will never go unpunished and the label of offenders will stay with them wherever they go. It is needless to remind the readers that this is the North Korean system. The descriptive passage that "even a light rain damages the terraced farms and causes landslides" is an extreme exaggeration. Some cite the cultivation of annual crops like corn as one of the main causes for the collapse of the terraced farms, but this is also erroneous analysis. Corn is a typical farm product whose aboveground part mounts on many deeply-stretched roots. As everybody knows, the soil is carried away by floods most seriously in the July-August rainy season.

However, this is a time when farm products, including corn, are already at their most luxuriantly-grown state and so it is scientifically absurd to say that the soil is washed away in such quantities that it would cause landslides. Occasional storms due to abnormal weather are a different story. On such occasions, landslides and floods take place in neighboring countries (including the ROK) in the same manner. To be sure, the ecological destruction phenomenon is serious in North Korea and it is particularly true that bald mountains devastated by humans are increasing in number. There is a larger reason for this devastation of mountains and rivers than the terraced farm. This is a phenomenon caused by people having no choice but to fell forest trees indiscriminately to use them as firewood or to meet other material needs due to serious fuel and material shortages. There will be no remaining trees in the mountains at this extreme stage where even grass and straw must be burnt for heat. Nevertheless, serious landslides like those we see in movie scenes have not yet taken place. Farms cannot help but become infertile as time goes by because people have to burn even straw, making it difficult for farms to produce barnyard manure. Contrary to descriptions in ROK documents, North Korea has excellent seeds and its seed-raising system and the induction of first-generation crossbreeds are on a world level. Corn seeds are particularly superior to those of the ROK due to the concentration of research capabilities on them. Irrigation work has been emphasized since immediately after national liberation, and North Korea now has a firmly-secured irrigation system. Agricultural mechanization, which it started before the ROK, is also on a standard that cannot be ignored. A campaign to find new land has also been carried out without letup and the area of cultivated fields is even a little larger than the ROK. The rate of agricultural manpower is also high at a rate of 40 percent of the entire labor force. Moreover, the whole nation is mobilized to support farm villages during the busiest spring and autumn farming seasons. On the basis of the "Manure is, precisely, rice" policy, the supply of oil — even though the use of crude oil is restrained — is concentrated on the priority production of fertilizers, agricultural chemicals, and vinyl tents. Nevertheless, why is North Korea alone gasping for food? The root cause of North Korea's agricultural breakdown and food scarcity is, in a word, the collective agricultural policy that benumbs the desire to work. Putting it in terms of probability, 70 percent of the breakdown can be attributed to the agricultural policy. Citing a straightforward example, the productivity of a new breed of corn on an experimental farm is 10 to 15 tons per chobu [*chongbo* in Korean; one chobu equals 2.451 acres] and one in a garden is over 6 tons.



However, the productivity of the same corn breed drops sharply to three to four tons per chobu on average on a collective farm, proving what I have said. Such a conspicuous difference is created under the totally same conditions regarding fertilizers, agricultural chemicals, farm implements, and labor mobilization. An increase in grain yields is impossible on the grassy fields of a masterless collective farm. The most decisive measure to solve food scarcity in North Korea is to convert collective farms into individual farms, and there is no other way out. If collective farms are converted into individual farms, the yields of farm produce will more than double immediately. China's agricultural reform vividly substantiates this, and also hidden-farm individual agriculture within North Korea proves this. The productivity of farming on individual hidden farms is over three times larger than that of farming on collective farms. Accordingly, if fields owned by farms are divided and distributed to individual farmers, those farmers will be able to harvest at least over two times more produce. North Korea's food scarcity begins with its incompetence to carry out food distribution as scheduled. Residents dependent on national food rationing feel immediate concern about what to eat when the nation fails to distribute food on a designated day once every 15 days. As to delayed food supplies, they may receive them later all together, but the point is that it is very hard to wait until the day when actual provisions are supplied. "Individualization" began bringing abundance to residents only after one or two years. Party cadres, too, watched for a chance to capitalize on this tide toward "individualization" among residents and they even pushed this line more forcibly, abusing their power. The "Pak Chol incident" took place in 1986, resulting in the dismissals of a central party secretary and the premier of the Administrative Council. Amid this grisly anti-individualization storm, the flames of individualization started at the bottom of the society and spread more forcefully. As long as national rationing cannot be carried out satisfactorily, it is impossible to put out such flames. North Korea made a miscalculation in this regard. Residents there have now come to believe that they cannot live without farming on individual hidden farms and individual commercial trading. This thought in popular mentality appears to represent a massive force that is sweeping the tide of society. The method of controlling residents by means of food rationing, too, has become useless ever since residents began to have spare food. The two Kims, father and son, were now faced with the need to stem the flow of individualization in order to maintain their authority to rule. They learned through bitter experience that they could not stem individualization by lip service alone. Based on this experience, they

next announced the "Three-Year Individual Livelihood Enhancement Plan" in 1989, and on the other hand, began stepping up control to enforce a ban on hidden farms. Residents, who could not prevail over the "carrot-and-stick" policy, discontinued their individualization moves for a while. However, when they found the announcement to be a lie after one or two years, they secretly resumed their individualization moves. This flow of "individualization" pursued by North Korean residents has been gaining a tremendous momentum not only as a simple campaign for livelihood, but as a way for reform to be followed both openly and covertly.

**In Seoul on 25 June 1995 Defector Mr. Yi Min-Pok's Conversation on Agriculture in "North Korea"**

[Question] When did agriculture in North Korea develop most?

[Yi]: It rapidly developed until the early part of the 1980's. The development was so rapid that in 1974 agricultural colleges led a "campaign to make rice chests" to cope with the shortage of corn harvest containers. Grain production reached its peak in 1977 and again in 1979, and after filling its own domestic rice demand, North Korea exported surplus rice to foreign countries as well.

[Question] What are the reasons for the high growth in the 1970's?

[Yi]: The state developed and encouraged high-yield crops. The supply of fertilizers, agricultural chemicals, and farm machines was smooth due to industrial development. The research in agricultural technology was also active, resulting in progress in developing seeds, breeding, and cultivation techniques. Society backed the mobilization of the labor force during the busiest farming seasons.

[Question] Corn reportedly occupies a large part in North Korea's agriculture, does it not?

[Yi]: Corn occupies 80 percent of food rationing. People eat boiled rice only on festival days.

[Question] What was the representative agricultural technology widely used at that time?

[Yi]: There is the so-called "corn humus pot temporary planting method." Under this method, envelopes are made, using sheets of paper, and fat soil and manure are mixed together inside these envelopes. Then, corn seeds are put into the envelopes and germinated. When two or four leaves come out, the seedlings are transplanted to the field.



[Question] Why is there no increase in the production of corn?

[Yi]: I can cite a drop in the desire to produce, damage from blight and insects such as smut due to the repeated cultivation of the same crop on the same ground, abnormal weather conditions, the lack of the fertile soil, and a decrease in manure production since the 1980's.

[Question] How serious is the suffering from smut?

[Yi]: Smut is a disease comparable to a cancer for plants (the rice grass family, etc.). Smut damages about 30 to 70 percent of farms in the northern region and about 10 to 20 percent of farms in all of North Korea. Farms have been encouraged to grow rice and corn every year as absolute crops, but they are sweating blood over the work to prevent damage from blight and insects.

[Question] What back-up policy was followed in achieving economic development in the 1970's?

[Yi]: Deserving special mention is the introduction of a capitalistic doctrine into the field of biological husbandry. North Korea thus totally discarded Lysenko's theory that a living thing's heredity is determined by the environment (Lysenko — former president of the Soviet Academy of Agricultural Sciences). And it accepted the Mendel-Morgan genetic theory, which it had rejected as a capitalistic doctrine. Without a genetic theory, it is impossible to strengthen substantial agricultural studies as well as research in the field of biological husbandry; yet Marxists have kept rejecting genetic theory on the basis of materialism. This is a laughable thing.

[Question] What about rice farming?

[Yi]: In the middle of the 1970's, North Korea succeeded in "crossbreeding rice and millet, two distant relatives," and developed the "Pyongyang series" of strains carrying excellent genes. A farming technique called the "cold-bed seedling growth method" was also developed. The productivity of existing "Yongsong series" strains was seven to eight tons per chobu; however, improved strains such as Pyongyang No. 8, Pyongyang No. 15, and Onchon No. 1 pushed up yields by around 120 percent when the "cold-bed seedling growth method" was used together. I visited the Chorwon area after my defection, but I could not find that ROK rice varieties were better than North Korea's.

[Question] Was there no failure in agricultural administration in the 1960's?

[Yi]: A typical case of blunder in agricultural administration in the 1960's was the introduction of a "dry-field rice plant." In order to "have people enjoy eating boiled rice and meat soup," the cultivation of the dry-field rice plant spread widely on a large scale at a recommenda-

tion by Kim Nam-sin, a dry-field rice plant researcher and expert who returned from Japan. However, the problem was weeds. It was hard to distinguish between a weed called inubie and the dry-field rice plant, and also there was no industrial foundation to allow the supply of weed killers. Even a minimum of water supply was difficult due to the incomplete conditions of related facilities. Under these circumstances, the "Theses Concerning Socialist Rural Questions" called the "chuche agricultural method" appeared in 1964 with an eye to solving this failure in agricultural administration. This method succeeded, bringing about rich harvests until the 1970's.

### **Why Has the Food Shortage Phenomenon Occurred?**

[Question] Then, why has the current food shortage phenomenon occurred?

[Yi]: Stepping into the 1980's, the aftereffects of collectivization emerged, which continued for more than 20 years. Farmers lost the will to work, and excessive investment in heavy industries in disregard of the economy and popular welfare touched off overall stagnation across the society.

[Question] What are the causes of stagnation since the 1980's?

[Yi]: They are the decrease in the farmers' will to produce, outdated equipment, shortages in various materials including raw materials, and abnormal weather conditions. I especially view that the loss of the will to work accounts for 70 percent of all causes. Severe damage has also been caused by the loss of fertile soil through concentrated growth of the same crops such as rice and corn on the same ground for over 20 years; acidification of the soil; and blight and noxious insects.

[Question] What were the abnormal weather conditions?

[Yi]: On top of its agricultural stagnation in the 1980's, North Korea also suffered heavily from abnormal weather conditions such as cold weather and sleet. The three provinces in the east region — Kangwon Province and South and North Hamgyong Province — were severely damaged. Outlining the serious damage by year, the three eastern provinces suffered from cold weather in 1981; the western coastal area from sleet in 1982; the whole country from a water shortage in 1984; the three eastern provinces from cold weather in 1986; the whole country from cold weather in 1988; and the whole country from frost in 1990. Corn is a plant requiring a lot of sunlight, soil, and water, and so it was damaged most heavily.



[Question] What are other causes for agricultural stagnation?

[Yi]: There have been many antieconomic policies since Kim Chong-il assumed governing. For example, North Korea pulled down farm fields and products while building highways. The following happened when the Pyongyang-Kaesong highway was constructed. The audacious leader, Comrade Kim Chong-il, committed a silly mistake by saying that he himself would design the highway directly. He laid a map on a table and stuck pins into its four corners. Then, he drew a straight line from Pyongyang to Kaesong without any hesitation and ordered: "Build it like this." Who could dare question Kim Chong-il's order under the North Korean system? Workers tried to conduct the construction project as directed, but there were numerous sections requiring hard engineering work in the face of mountains and precipitous cliffs. In Sohng County, North Hwanghae Province, the highway had to go through the Korean Pine Development Park where people had worked hard to plant the trees and were going to be able to collect pine nuts after 30 to 40 years. When farmers there saw the Korean pine trees being felled, they turned their backs and bitterly wept. Knowing who worked out the design, how could they protest? This incident left a residue of distrust in the hearts of the residents, constituting a reason for the drop in grain production.

[Question] What about the decrease in manure production?

[Yi]: Fertilizers and agricultural chemicals were supplied smoothly in the 1970's; however, their supply began to fall in the first half of the 1980's and dropped even to the level of 70 to 80 percent of their demand in the latter half of the 1980's.

[Question] What about the rate of operation of the industrial establishment? [Yi]: The shortage of energy is not the only problem. The problem of substandard construction work also is serious. The operating rate of the "Sunchon Vinylon Plant," which became North Korea's pride and joy when its first-stage work was completed in 1989, does not reach even 5 percent at present. In order to build this plant allegedly capable of producing 100,000 tons of vinylon annually under the direct command of Kim Il-song, North Korea appropriated so much money from the national budget that other industrial fields were totally destroyed. What made this plant different from the February 8 Vinylon Plant (a representative chemical plant until then) was the former's adoption of the oxygen heat treatment method resulting in a far lower production cost than the process used at the February 8 Plant (50,000 tons of annual production). Even CPC General Secretary

Jiang Zemin was invited to the plant's completion ceremony in 1989 (Note: Mr. Jiang visited North Korea in March 1990; Is this Mr. Yi's slip of memory?). When the ROK's Hyundai Group Chairman Chong Chu-yong visited North Korea, this plant was also displayed him. This indicates how representative the plant is of North Korea. However, a problem occurred. It was found that vinylon cotton produced on an experimental basis shortly before Jiang Zemin's visit to North Korea was not as pure white as polished rice, but reddish. Two cans of pure white cotton produced in the Hamhung Plant (February 8 Plant) were hurriedly brought into the Sunchon Plant and shown as the latter's product. This was a real blunder. The higher authorities made a fuss, ordering a probe into the fundamental cause, but technicians at the actual job site already knew the cause. The cause was a failure to use material as instructed in the design. According to the design, stainless steel was supposed to be used, but high-ranking WPK cadres did not furnish it, saying: "We have no foreign money, and also the job must be done within the period of work set by our supreme leader. So use homemade material." Technicians were given permission to use substandard material only after they received a letter from party cadres noting that "we will assume all responsibilities" in case of trouble. There was also an explosion accident in this plant. A large-size power transformer, purchased from China with a vast amount of gold bullion, blew up. A hydrochloric acid tank also broke down. Chlorine gas began to leak when the hydrochloric acid tank broke down. The toxicity of chlorine gas was so strong that German troops used it as a chemical weapon during World War I. An incredibly large number of high-class competent people died in this accident. Not only plant workers, but also nearby residents were all killed in the district where the chlorine gas spread. The North Korean authorities decided to brand this incident as the work of spies from secret activity by the ROK side. And even the commanding office of this plant was poorly equipped. It was not computerized and the telephones used a manual switchboard system. When a strange signal comes from any single place, most of the command office workers had to run to the actual job site in a crowd. Moreover, the oxygen heat treatment itself has not yet been fully established as a technical method and so it is hard to apply the method to a huge plant. Any attempt to dismantle all inferior facilities and rebuild the plant with material meeting standard requirements will require more foreign money than building a totally new plant. In terms of engineering work itself, such an attempt would involve a more difficult job than beginning new construction. It will also require longer construction work. There is a view that when the repair work for the plant comes close to ending, all normal facilities



in the plant also will have turned into something like iron scraps. If such poor facilities were known to the outside world, it would be a disgrace to the nation and so the North Korean authorities are keeping them a total secret.

#### **Even the Nation Itself Pins Hopes on Hidden Farms**

[Question] Was there not any person who directly expressed his opposition to building this plant?

[Yi]: Kim Kyong-yon, who was then serving as finance minister in the State Administration Council, met Kim Il-song alone and expressed his opposition at the risk of his life. He was dismissed from his post 30 minutes after he reported to Kim, and he and his family were expelled to a coal-mining area a few hours later. Premier Yi Chong-ok, too, was driven out of his premiership and became nominal vice president after he insisted that the plant should be scaled down to a 50,000-ton annual production capacity.

[Question] Was there any other substandard construction case?

[Yi]: The Sohae Lock Gate, North Korea's greatest pride, whose construction started in 1981 and ended in 1986, is also a case of substandard construction work. Originally, it was designed so that trains would run above the lock gate, but guards from the Public Security Ministry are watching both sides of the lock gate and banning foot traffic in the area. This project, for which military personnel were mobilized and several thousands of them died, is in so fragile a state that even a repair job cannot be conducted. At present, crevices are developing in the Sohae Lock Gate and narrow gaps are plugged with soil. Therefore, the failed Sohae Lock Gate work and the Sunchon Vinylon plant construction pushed with all national might are two large incidents which caused even the leadership — not to speak of residents — to lose the will to work for economic construction.

[Question] Are there no competent people who argue for agricultural reform in North Korea?

[Yi]: All argue for reform except first-generation revolutionaries. In fact, a well-known event called the "Pak Chol incident" took place in 1986. Dr. Pak Chol, director of the Academy of Sciences' Institute of Geology Research, and renowned scientist Dr. Yi Sung-ki's son-in-law, wrote a treatise arguing for "individual farming," creating a nationwide sensation. Among those who sympathized with the treatise were the then Premier Kang Song-san; Vice Premier Kim Hwan, who was then chairman of the Agricultural Committee of the State Administration Council; and even So Kwan-hui, secretary in charge of agriculture of the party's Central Commit-

tee. These sympathizers recommended the idea to Kim Chong-il ignorant of the economy, simply saying that it was a method raising "labor efficiency." They thus received his approval. Kim Chong-il designated Kim Chong-suk County, which carries his mother's name, as a model experimental area and had the method applied there. After one year passed, Kim Chong-il got to know the inside story on this system, and punished all persons involved. Because of this incident, Premier Kang Song-san was dismissed from his premiership and demoted to secretary of the North Hamgyong WPK Committee, but he made a comeback and became premier recently (1992). Dr. Pak Chol, demoted to the post of boilerman in the Academy of Sciences, is still working in the same capacity at present. At that time, North Korea's WPK published a thesis (1986) entitled: "On Achieving a Complete Socialist Victory" (Note: Kim Il-song's policy speech at a Supreme People's Assembly session in December 1986). Because of these measures, the whirlwind of conservatism raged there. In China as well, the number of student demonstrations were sharply increasing in those days because of Hu Yaobang's downfall, and so North Korea was extremely nervous.

[Question] Is there any possibility of North Korea collapsing due to food problems?

[Yi]: It is true that there is an absolute shortage of food in North Korea now. However, people are narrowly escaping death from hunger thanks to "individualization" carried out in secrecy.

[Question] What does "individualization" carried out in secrecy mean?

[Yi]: There is the hidden farm as a typical phenomenon of individualization in North Korean's agriculture. The hidden farms are tilled and cultivated by individuals on sharp slopes or in deep mountains, and it is not legitimate. Many hidden farms are responsible for the frequent landslides during the floods. Yields from individual hidden farms are over three times larger than cooperative farms or state-run farms. The crops from hidden farms are distributed through individual trade. There is even a new saying in North Korea that "we cannot live on without merchants."

[Question] Did the Pak Chol incident take place against such a background? [Yi]: Yes, it did. Dr. Pak Chol's treatise was intended to introduce hidden farm experiences into collective farms and was published in 1985. A hard blow was dealt to sympathizers in 1986. This was a reactionary move by the North Korean regime against the tide of history. Therefore, hidden farm cultivation was carried out more actively. When the East European camp collapsed in 1989, the North Korean leadership felt a crisis in its regime and ordered a "total



ban on hidden farms." However, it could not halt their existence. The North Korean regime was compelled to take a conciliatory measure to resume the suspended supply of candies, sugar, and meat. The ban order produced its intended effect though temporarily. However, this ban did not work for more than two years. The hidden farm was revived when stored reserve provisions were all used up. The hidden farm has now become a potential means of sustenance for North Korean residents. Even the nation itself is now compelled to take a position to pin hopes on farmers' hidden farms though unofficially.

[Question] What is the reason for the drop in the will to produce?

[Yi]: Many failures resulted from translating Kim Il-song's offhand ideas into policies. And after the crack-down on many patriotic intellectuals through the "Pak Chol incident," a notion spread among the intelligentsia as a trend that "the first consideration is to keep mum whether the nation will go to ruin or not." The general populace is bent on illegitimate measures such as hidden-farm agriculture and commercial trade, finding that no effective policies on food problems are being put forth.

[Question] What are the cases in which offhand ideas were translated into policies?

[Yi]: In 1979, North Korea conducted a large-scale campaign to encourage farmers to grow a tropical oil crop, saying that "we will work to have the people take sugar and oil." This was a crop similar to the peanut plant. Farmers cultivated corn fields with this crop, resulting in a sharp fall in corn production. The oil crop was not fit for the climatic and natural conditions in this area, and failures were thus repeated. Yet Kim Il-song clung to his idea and made farmers plant this crop until 1984.

#### **Effects of Hidden-Farm Agriculture**

[Question] What are the effects of hidden farm agriculture?

[Yi]: When a 60-tsubo [3.954 square yards] piece of land is reclaimed, good-quality seeds are sown and work is done eagerly to raise crops. The piece of land will be able to produce food enough to feed a person for a one-year period. Supposing that 700 to 800 grams of provisions are distributed to a person per day, the total food the person receives for 365 days will be around 250 kilograms. In case a 60-tsubo farm is planted with improved corn strains developed in North Korea and that manpower is committed to the farm only for a week in the year, the farm can easily produce 240 kilograms. When 300 tsubo of land is reclaimed, food enough for

a 5-member family will be obtained. Therefore, when hidden-farm agriculture is carried out on such a scale, rationed provisions can be kept as spare food. People who have tasted the joy of having "spare" will pilfer fertilizers and agricultural chemicals from collective farms and apply them to their own hidden farms. They will go to their hidden farms on a moonlight night. Naturally, they cannot but gradually lose affection for their collective farms. As to the size of the hidden farms owned, it is 100 tsubo at the smallest and some people have around 1,000 tsubo. The phenomenon as appeared of having people advance on the promotional track by using crops from the hidden farms as bribes. Officials working with watch dog agencies also have become absorbed in hidden-farm agriculture. The nation is far from controlling the people; instead, it is begging them for things.

[Question] What is the background against which individual farming (the hidden farm) was generated?

[Yi]: There have been government-approved fields (lands attached to residences) since the 1960's up to now. However, they should be used only to grow vegetables and it is forbidden to cultivate them with grains. Accordingly, they cannot be said to represent individual farming. With an eye to ending stagnation, the party's Central Committee permitted a number of individualization measures including the "August 3 mass consumption goods production campaign" from 1982 to 1984. Taking advantage of this atmosphere, residents facing food shortages attempted to supplement their food. To this end, urbanites, particularly office workers at libraries, stores, government, and other public agencies, began to reclaim lands to make hidden farms. They deliberately neglected their official duties. When they came across workers of the Academy of Agricultural Sciences, they voluntarily expressed their desire for advanced agricultural technology and good strains. This is the kind of activeness that can never exist in collective farms.

[Question] What social change has been caused by the hidden farm?

[Yi]: Hidden-farm agriculture represents a tide. It may be called a tide having energies linked to the market economy. However, the market economy mentioned here is still at a stage where people make rice cakes or sliced corn with grains produced from hidden farms and sell them to consumers. Sometimes grains in reserve are used for raising hogs and producing pork. It is becoming a popular practice even for party cadres and enterprise directors (company presidents) to buy these products at farmers' markets for their meals. Along with an increase in the output of those products, their prices



on the farmers' markets are showing a falling trend and the farmers' markets are increasingly active.

**What Is "One Step Backward and Two Steps Forward"?**

[Question] What change is there in North Korean society because of food scarcity?

[Yi]: Residents have come to engage in individual trade which relies on hidden-farm agriculture being carried out in secrecy. This has given rise to the phenomenon of farmers illegitimately solving food problems which the nation cannot fix. This is an important change. North Korea is a society in which the WPK holds full power. Propagandizing itself, the WPK used to say that "the party is the mother's breast" and exhorted residents to consult the party about difficult matters. However, residents engaged in individual farming on their hidden farms now have a solution to the food supply issue which the party cannot resolve. This has caused a water-leakage phenomenon to the power system as a result. Viewed from the WPK's standpoint, the recent attempt to turn cooperative farms into state-run farms represents a way to strengthen sovereign power. However, we will have to wait for a little while to see if the WPK can put residents under its control as in the past. In other words, there is the possibility that a power struggle may take place between the party and all ordinary residents. It will bring about confusion if we regard North Korean cooperative and state-run farms in the same light with their counterparts in the old Soviet Union. In terms of harvest quantities, cooperative farms are inferior to state-run farms. In cooperative farms, the government distributes one-year food after purchasing their produce. In state-run farms, the government distributes food once every 15 days after receiving the whole quantity of their produce. However, state-run farms are granted leave-of-absence allowances and daily necessities called "labor protection items" such as working clothes, footwear, soap, and matches. Cooperative farms have to buy all of these items for their use, but daily necessities are basically insufficient and so it is hard to purchase them even if cooperative farms have money. Such being the case, farmers in the cooperative farms hope to change theirs into state-run farms. This is a strange phenomenon peculiar to North Korea which cannot be found anywhere in the history of socialist countries.

[Question] The ROK Government has recently decided to extend 150,000 tons of free rice aid to North Korea. What do you think?

[Yi]: The supreme leadership of North Korea is a group with a strong sense of pride. It is asking for aid, even putting its pride into its pocket, but the purpose is not to provide the people with subsistence and food to eat. We

must think that it is pursuing the "one step backward and two steps forward" principle, not the "one step forward and two steps backward" conception.

[Question] What do the step forward and the step backward mean?

[Yi]: At present, the enemy is not U.S.-Japanese imperialism alone for the North Korean leadership. Rather, its primary enemy is the people of North Korea, especially those residents who have begun to wake up to "the liberal way of thinking." It is to overthrow this enemy that the North Korean leadership has asked Japan and the ROK for rice aid. Bolstered by rice received through aid, those leaders intend to overthrow "awakened residents" in North Korea, that is, "the force pushing for democratization." I view that for this purpose, North Korea asked for the rice aid, bearing humiliation.

[Question] Are you saying that North Korean residents are "the first enemy" for the North Korean leadership?

[Yi]: The most important thing for the North Korean leadership at present is to maintain power. However, internationally, the communist camp collapsed and all of its members have adopted the market economy. After effects of this development are now reaching even inside this country. Efforts have been made to stem this tide by force since the end of the 1980's, but even party cadres are now being carried away by the tide. Reaching such a point, would it not still consider them as its enemy?

[Question] What does the one step backward and two steps forward mean?

[Yi]: It means to look forward to the future with hope after overthrowing "the first enemy" — the capitalist trend, that is, a democratization force in North Korea — and then stabilizing domestic order. This is a strategic and tactical principle advocated by Lenin. Would the leadership ever resort to the act of inviting the collapse of its own regime by distributing the rice aid to the people and instilling a longing toward the ROK and Japan in their minds? As it once clamped down on hidden farms through a measure taken under the name of supplying cakes, sugar, and meat, so will it work to control hidden farms this time again by supplying rice without showing where it has come from. It is natural to think that the North Korean leadership will thus seek to stifle the wind of democratization.

[Question] What is the mental level of North Korean residents?

[Yi]: Most of the people having college or similar level of scholastic competence think that capitalism is right in terms of the economy. Theirs is a case in which politics and economics are regarded as two separate things. They



began to think this way, particularly when the East European camp crumbled. The mental level of general residents is far apart from that of the intellectuals. Intellectuals are in the midst of guessing the flow of the masses.

[Question] What about Kim Chong-il's economic sense?

[Yi]: Kim Chong-il himself is ignorant of the economy. However, his staff is an elite group. This is evident when we take a look at North Korea's diplomatic competence in negotiating with South Korea, the United States, and Japan. North Korea is bringing a package solution to all of its problems such as the light-water reactor, incidental facilities, heavy oil, and rice by taking advantage of the nuclear issue, is it not?

[Question] What about the possibility of a change in North Korea's agricultural system in the future?

[Yi]: The system will not change because such a change will endanger North Korea's regime itself. Kim Chong-il knows that individual farming is good. He has also visited successful agricultural reform sites in China. North Korean intellectuals, workers, and farmers also have great desire for agricultural reform. Kim Chong-il and some doctrinists are stemming this flow by force alone.

[Question] Is there the possibility of the North Korean regime being toppled?

[Yi]: North Korea has made it its only business to carry out politics-for-the-sake-of-politics, and it is now standing before a precipitous cliff. Therefore, I view that there is the possibility of a coup d'etat taking place in North Korea. Its leading force could be a group of Kim Chong-il's close associates, intellectuals, or ordinary residents. They are watching the flow of the people's emotions. An explosion will take place when the flow of the people's emotions come to create some form of priming powder.

**Mr. Yi Min-pok's brief personal record:** He was born in Hwagok-ri, Sohung County, North Hwanghae Province on 28 December 1957. Aged 38. His parents' native place is Iksan, North Cholla Province. He studied at the Agricultural Department of Nanpo University, the Electronic Engineering Department of Kim Chaek Technical University, and the Agronomical Research Institute of the Academy of Agricultural Sciences. He worked as researcher at the Dry Field Crops Research Institute of the Academy of Agricultural Sciences; deputy director of the Dry Field Crops Research Institute; researcher at the Cooperative Farm of Kim Chong-suk County, Yanggang Province; and chairman of the Socialist Working Youth League of the Academy of Agricultural Sciences. He conducted his research at

the Academy of Agricultural Sciences and developed a new strain of corn. Carrying the new strain, he made a round of visits to farms across the country to determine why production did not increase. As a result, he became aware that the decisive cause was attributable to politics. He sent a proposal for "individual farming" to Kim Il-song and consequently was subjected to political pressure and even met with his wife's request for divorce. He defected to China in 1991, then to Russia in 1992, and to the ROK in February 1995.

**Mr. Motoi Tamaki:** Born in Miyagi Prefecture in 1926; Left in mid-course the Second High School under the old system; Activist for agricultural revolution; After working as publisher and editor, engaged in the research on the Korean affairs; At present, serving as chairman of the Modern Korea Research Institute

**Mr. Kim Won-pong:** Born in 1923; Left mid-course a special college under the old system; Editorial writer of HANGUK SINMUN, organ of the General Association of Korean Residents in Japan, after working at YAMA-ATA Daily, etc.; Has been supervising the Northeast Affairs Research Institute since 1984

#### **Korean Culture Claimed to Predate Japan's**

*SK1512092895 Pyongyang KCNA in English  
0913 GMT 15 Dec 95*

["Ancient History of Japan Must Be Reexamined" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — The tomb square at the head and rounded at the foot belongs to Korea, not to Japan, though the ultranationalists of Japan boasting of the "time-honored" and "superior" Yamato nation describe it as belonging to orthodox culture of ancient Japan.

The tomb of this shape unearthed in Jagang Province near the Amnok River in the northwest of Korea belongs to the Koguryo Dynasty, a powerful state in the east. The tomb is 200-300 years older than what is described as built by the Yamato nation in Japan approximately from the third century. This proves who was the first to make the tomb of this type where.

It is high time the ancient history of Japan was reexamined.

This is the main idea of the serial article headlined "Ancient Japan Owes Its Culture to Koguryo" which has been carried in PYONGYANG SINMUN since December 6.

The author says:

In 1983 and afterwards some tombs were unearthed in South Kyongsang and South Cholla Provinces in South



Korea. They had the same shape as those discovered in Japan and it was confirmed that they were built around the fifth century. The ultranationalists of Japan took this opportunity to argue that the tombs were attributable to developed culture of ancient Japan which made its way into South Korea and that the tombs prove the Mimana Miyake Theory to the effect that ancient Japan ruled the southern part of the Korean Peninsula.

However, history proves the truth.

Towards the end of the 1980s, scholars of the Democratic People's Republic of Korea unearthed tombs square at the head and rounded at the foot, which were 500 years and at least 200 years older than Japan's, in Jagang Province. The tombs of this shape that were discovered in succession caused a big stir in Japan.

The Japanese newspaper ASAHI SHIMBUN March 26, 1990, said in an article headlined "'Original Tombs' of Burial Mounds Square at Head and Rounded at Foot Discovered in Succession in North Korea":

"Ancient stone tombs that have the same shape as Japan's unique tombs, square at the head and rounded at the foot, have been discovered in succession recently in the Democratic People's Republic of Korea....

"Japan's tombs began to be built from the middle of the third century while North Korea's were built before or after Christ. So, North Korea's tombs are 200-300 years older than Japan's."

A delegation of noted scholars of the "Koguryo Society" of Japan led by its Chairman Namio Egami visited the DPRK to inspect the tombs in October 1992. After their visit, they said the materials discovered and studied by Korean scholars were very scientific and that it was very likely that the tombs discovered in Korea were ancestors of Japan's.

They added that the ancient history of Japan should be reexamined because tombs of this shape were unearthed in Korea.

#### **Status of Tuman River Project Reported**

*SK1512101695 Pyongyang KCNA in English  
0919 GMT 15 Dec 95*

["Tuman River Development Program Has Entered Into Practical Stage" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — Three agreements concerning the Tuman River area development program were signed at the UN headquarters on December 6. In this connection, foreign mass media reported that the program has entered into the stage of its implementation".

Chinese PEOPLE'S DAILY December 8 carried a report on the signing of the agreements in New York.

The signing, it added, tells that the international cooperation program concerning the joint development of the Tuman River area has entered into a new stage.

The XINHUA news agency December 7 reported that with the official inauguration of the multilateral program for the Tuman River area development, a great opportunity for the future international trade and investment has been provided for Northeast Asia.

It said that this vast program envisages a planned investment of 30 billion dollars within 20 years to build such a worldwide economic and trade centre as Hong Kong and Singapore in the area of the Tuman River bordering on China, Russia and the Democratic People's Republic of Korea.

The Japanese paper NIHON KEIZAI SHIMBUN December 8 carried an article titled "'Tuman River Development' Which Began". It said that the Tuman River development program which started in 1990 put the finishing touches to its preparations for five years and entered into the stage of its implementation.

It introduced the development projects made up to date in this area.

Referring to the importance of the joint development of the area of the Tuman River bordering on the DPRK, China and Russia, the paper predicted that if the joint development of the area proved successful, it would make a breakthrough in the formation of northeast Asian economic sphere.

UPI December 6 said that the signing of an agreement on coordinating much-needed efforts for the development in the delta area bordering on China, Russia and North Korea made it possible to further bring into practice an ambitious program for creating a "Rotterdam of Northeast Asia" in this area with the backing of the United Nations.

UN officials said that if the area is fully developed, it could compete with other trade zones, UPI added.

#### **Meeting of UAWPK Propagandists Reported**

*SK1512093095 Pyongyang KCNA in English  
0742 GMT 15 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — A national meeting of propagandists of the Union of Agricultural Working People of Korea [UAWPK] was held here on December 14.

The meeting reviewed achievements and experience gained in the propaganda and agitation work of the



union in the past 10 years upholding the task advanced in the great leader Comrade Kim Chong-il's famous work "On Stepping Up the Work of the Union of Agricultural Working People" and discussed the question of enhancing the responsibility and role of the union propagandists.

The reporter and speakers said that all the union officials and propagandists should defend and exalt the leadership exploits performed by Comrade Kim Chong-il in the ideological work and thoroughly carry out the important tasks put forward in his famous works "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism" and "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-song".

They stressed the need to consistently keep education in the *chuche* idea in the work of the union, strengthen education in loyalty and the Korean nation-first policy among union members and steadily intensify class education.

#### Number of Exports Centers Increases

SK1512092995 *Pyongyang KCNA in English*  
0748 GMT 15 Dec 95

[FBIS Transcribed Text] Pyongyang, December 15 (KCNA) — The exports production centres increase in number in Korea.

According to data available at the local trade guidance bureau of the State External Economic Affairs Commission, some 60 new units for exports production have appeared in Korea over the last one year and six months.

The variety of exports increased by more than 150 kinds and the production by 60 percent.

Ten more large units of this kind have been built in South Hwanghae Province, eight more in Yanggang Province and twelve more in South Hamgyong Province.

The production of fine oxidized steel, which is in great demand, has been markedly increased in South Hwanghae Province.

### South Korea

#### U.S. Said To Reject LWR Cost-Sharing

SK1512145095 *Seoul CHOSON ILBO in Korean*  
15 Dec 95 p 2

[By reporters Ku Song-chae and Kim Yon-kwang]

[FBIS Translated Text] Regarding the policy by the United States that it will reject sharing of expenses in providing light-water reactors [LWR] to the North, po-

litical circles urged on 14 December that the government take measures. Thus the government decided to take measures regarding this matter as soon as possible.

A high-ranking government official revealed that to settle the issue of expense sharing, work will be carried out early next year to conclude an agreement on expense sharing among the ROK, the United States, and Japan.

This official also said: "It seems that work by the Korean Peninsula Energy Development Organization [KEDO] to readjust the lot on which the light-water reactor will be built will begin next year."

When members of the National Assembly's Foreign Affairs and National Unification Committee pointed out, during an unofficial session with the National Assembly's Foreign Affairs and National Unification Committee, that "expense sharing among the three countries must be achieved at a level which our people can understand," Foreign Minister Kong No-myong and Choe Tong-chin, secretary general of the Office for Planning for the Light-Water Reactor Project of KEDO, said: "Nothing has been decided upon regarding light-water reactor expenses. Negotiations on this matter will take place in the future."

#### Reactor Agreement Signed; Terms Outlined

SK1512150095 *Seoul YONHAP in English*  
1442 GMT 15 Dec 95

["KEDO, North Korea Conclude Light-Water Reactor Supply Contract" — YONHAP headline]

[FBIS Transcribed Text] New York, Dec. 15 (YONHAP) — The Korean Peninsula Energy Development Organization (KEDO) and North Korea Friday concluded here an agreement on the former's supply of two light-water nuclear reactors to the communist country.

The supply agreement was signed at the Marriot Eastside Hotel in New York by KEDO's Executive Director Stephen Bosworth and North Korean Ambassador-at-Large Ho Chong.

The accord, which is the result of talks that began Sept. 11 in Kuala Lumpur and resumed Oct. 16 here, was concluded in accordance with the U.S.-North Korean agreed framework of Oct. 21 last year and their joint press statement of June 13 this year.

In a joint press statement released after the signing, both sides said that they conducted themselves "in a professional and constructive manner" that led to the successful conclusion of the negotiations.

"This agreement marks an important step forward [in] the full implementation of the U.S.-N. Korea agreed



framework and the U.S.- North Korea joint press statement of June 13 this year," the statement said. "Both KEDO and North Korea will continue to perform in good faith and cooperative spirit their respective undertakings.

"Within the next few days, KEDO will send a third site survey team to the survey area and during the coming months KEDO and North Korea will hold a series of further discussion on additional details concerning the light-water reactor project."

Comprised of 18 articles and four annexes, the agreement comprehensively covers major points in the reactor project — scope of supply, terms of payment, delivery schedule, implementing arrangement, services, site selection and study, quality assurance and warranties, training, operation and maintenance, nuclear safety and regulation, nuclear liability, and intellectual property.

As to the scope of supply, which had been most disputable issue, both sides agreed that KEDO will provide two light-water reactor units with a total generating capacity of approximately 1,000 megawatts each to North Korea on a turnkey basis. The reactor model, selected by KEDO, will be the advanced version of U.S.-origin and technology currently under production, according to the agreement.

The accord stipulates that KEDO will be responsible for site survey and preparation, preconstruction infrastructure integral to and exclusive for use in the construction of the reactor plants, which will consist of roads within the site boundary, access roads from the site to off-site roads, barge docking facilities and a road from there to the site, a waterway and water catchment facilities including weir, and housing and related facilities for KEDO, its contractors and subcontractors.

Under the accord's clause on terms of repayment, they agreed that KEDO will finance the cost of the expenses which will be repaid by North Korea interest-free over 20 years after completion of each light-water reactor plant, including a three-year grace period beginning upon completion of the reactor plant.

The accord stipulates that KEDO will develop a delivery schedule for the light-water project aimed at achieving a completion date of 2003.

Article 3 of delivery schedule provides that North Korea will remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons and will allow implementation of its safeguards agreement under the treaty.

The same article also stipulates that North Korea will continue the freeze on its graphite-moderated reactors and related facilities and provide full cooperation to

the International Atomic Energy Agency (IAEA) in its monitoring of the freeze.

The accord's article on implementation arrangements provides that KEDO will select a prime contractor to carry out the reactor project and shall conclude a commercial supply contract with the prime contractor. A U.S. firm will serve as program coordinator to assist KEDO in supervising overall implementation of the project and KEDO will select the program coordinator.

Under the agreement's clause on services, all personnel sent to North Korea by KEDO, its contractors and subcontractors will be allowed unimpeded access to the project site and to appropriate and efficient transportation routes, including air and sea links, to and from the project site.

#### Government Welcomes Signing

SK1512150495 Seoul YONHAP in English  
1448 GMT 15 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — The South Korean Government has welcomed the signing of a light-water reactor [LWR] supply agreement between the Korean Peninsula Energy Development Organization (KEDO) and North Korea.

"This agreement lays concrete grounds for the (North Korean light-water nuclear reactor) project's implementation," a statement released Friday by the South Korean Foreign Ministry said.

The statement said, "We appreciate that the agreement reaffirms our two basic, long-standing principles: The supply of the Korean standard nuclear plant to North Korea and the Republic of Korea's central role in the light-water reactor project.

"This agreement will provide the international legal framework within which North Korea should comply with all the obligations of the U.S.-DPRK (North Korea) agreed framework of 21 October 1994. This agreement further obligates North Korea to observe the international norms concerning the peaceful uses of the nuclear energy and its safeguards. [no ending quotation marks as received]

The statement said that the South Korean Government wishes North Korea to fully uphold all relevant safeguard obligations including immediate resumption of the ad hoc and routine inspections by IAEA (International Atomic Energy Agency) in good faith, and thereby contribute to the denuclearization of the Korean Peninsula and to the strengthening of the global nuclear non-proliferation regime.



"We stress that efficient contact and cooperation among the participants concerned are indispensable to ensure the expeditious and smooth implementation of the light-water reactor project," it said, adding, "and we further emphasize the importance of North Korea to engage in the South-North dialogue as soon as possible, as stipulated in the agreed framework between the U.S. and the DPRK."

#### **Results of Light-Water Reactor Talks**

*SK1512054995 Seoul CHOSON ILBO in Korean  
14 Dec 95 p 3*

[Article by reporter Kim In-kwang: "After the Settlement of the Light-Water Reactor Issue"]

[FBIS Summary] "The United States has made clear its position that it cannot bear the expenses needed to provide light-water reactors to North Korea, and it is certain the U.S. refusal will create trouble in the future.

"Considering that the original three countries—the ROK, the United States, and Japan—had tacitly agreed the ratio of their share of the expenses would be 7-2-1, it is likely the ROK and Japan, or virtually the ROK alone, will have to pick up the U.S. share.

"In March 1993, when North Korea's nuclear development program became a hot global issue, public opinion became aware that the North Korean nuclear issue was an international issue related to the nonproliferation system led by the United States, and thus, this issue should be entrusted to the United States for solution."

This notwithstanding, the United States has "furtively" taken a hands-off attitude toward bearing the expenses for light-water reactors to be supplied to North Korea "at a time when the agreement to provide light-water reactors has been concluded, and consequently, the problem of solving the North Korean nuclear issue has entered a right track."

It is certain that the "hands off" attitude of the United States will create difficulties in winning the consent of the people and the legislatures of the ROK and Japan.

The United States has used the opposition of the GOP-dominated U.S. Congress to bear the expenses for the light-water reactors as an excuse to take a "hands off" attitude. The U.S. administration has failed to get Congressional approval even for the expenses needed to provide heavy oil to North Korea.

"Our government was under heavy fire from the people and political circles when it provided rice aid to North Korea valued at \$250 million.

"It will be very difficult for our government to get approval from the people and the National Assembly

for aid totalling more than \$3 billion for the light-water construction project in which the United States does not participate."

North Korea's repayment ability is also a problem. North Korea has not yet repaid the foreign debts it was loaned in the 1970's. In view of North Korea's economic situation, it is difficult to expect that North Korea will repay the \$4.5 billion which is needed in the light-water reactor construction project.

"The government has said the 'ROK-style' and 'the ROK's central role' were firmly confirmed during the current light-water reactor negotiations.

"However, it was learned that many provisions hindering the implementation of these two principles—'ROK-style' and 'the ROK's central role'—are included in the agreement."

Government officials concerned have said the expression of the Korean standard light-water reactor (KSNP) would be stipulated in the agreement. However, in the document, the expression "ROK-style" is exactly the same as the expression agreed upon in the Kuala Lumpur talks held last June.

Concerned officials from the Light-Water Reactor Planning Group state: "This expression means precisely ROK-style."

However, officials concerned at nuclear power plants indicated "the results of the current negotiations are not satisfactory."

#### **Differences on Relaxing Sanctions on North**

*SK1512085495 Seoul HANGUK ILBO in Korean  
15 Dec 95 p 1*

[Article by reporter Yu Sung-u]

[FBIS Translated Text] It was learned on 14 December that with the conclusion of an agreement on providing light-water reactors between the Korean Peninsula Energy Development Organization [KEDO] and North Korea, the United States has informed our side of its will to take the second step of measures for alleviating its economic sanctions against North Korea soon.

At a high-ranking strategic meeting held on 12 December and attended by ROK Vice Foreign Minister Yi Si-yong and U.S. Under-Secretary of State Strobe Talbott, the U.S. side revealed its will to take measures for alleviating the sanctions imposed on North Korea, including allowing food exports, beginning in January next year at the earliest. Our side, however, strongly urged that such measures be taken in the latter half of the upcoming year.



A government official concerned said that "the major topics discussed at the ROK-U.S. strategic meeting was about the contents and timing of the measures for alleviating the U.S. economic sanctions against North Korea." He added: "At the meeting, our side stressed that taking such measures now when North Korea remains adhered to the principle of 'rejecting South Korean authorities,' was not conducive to improving North-South relations."

On the other hand, the U.S. Government declared on 14 December that it has approved the agreement on providing light-water reactors. The Japanese Government, too, is expected to approve and sign the agreement at a cabinet session on 15 December. Accordingly, our government has begun mapping out preparations to cope with upcoming follow-up negotiations on the agreement.

The government has also decided to strongly demand in follow-up negotiations that KEDO offices be established not only in Sinpo, the light-water reactor construction site, but also in Pyongyang and Sunan airport.

#### **U.S. Disarmament Official Meets Foreign Minister**

*SK1512085295 Seoul YONHAP in English  
0633 GMT 15 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — The director of the U.S. Arms Control and Disarmament Agency John Holum paid a courtesy call on Foreign Minister Kong No-myong at the latter's office Friday and exchanged mutual concerns on arms reduction issues.

Both spoke on topics such as the international movement and prospects of nuclear nonproliferation and disarmament following the indefinite extension of the Non-proliferation Treaty (NPT)

The visiting U.S. official earlier had a consultative meeting with his South Korean counterparts on various issues of disarmament, nuclear and conventional arms control and decided to have such talks regularly between the two countries.

Holum and his delegation will depart Seoul Saturday after paying courtesy calls on Defense Minister Yi Yang-ho and Presidential Senior Secretary for Foreign Affairs and National Security Yu Chong-ha.

#### **Paper on U.S. Difficulty Financing Heavy Oil**

*SK1512112295 Seoul CHUNGANG ILBO in Korean  
15 Dec 95 p 6*

[Report by Pae Myong-pok]

[FBIS Translated Text] Will the United States be able to provide North Korea with 500,000 tons of heavy

oil each year without a problem? Although with the settlement in the reactor talks a foundation has been laid for the full-scale light-water reactor project for North Korea, the issue of providing heavy oil to North Korea has emerged as a new factor affecting the success or failure of the light-water reactor project.

The DPRK-U.S. framework agreement in Geneva was reached based on an agreement to barter the nuclear freeze for light-water reactors. The United States promised to offer two light-water reactors to North Korea at the cost of North Korea freezing its existing nuclear activities. The two sides agreed that the United States would provide 500,000 tons of heavy oil to North Korea each year until the first light-water reactor was completed. For this, \$50 million is required each year. However, it has been learned that the United States has been having serious difficulties securing the necessary funds.

The United States has already offered 150,000 tons of heavy oil to North Korea up until 20 October pursuant to the Geneva agreement. The United States is in the position of having to give 500,000 tons to North Korea every year with one year as a unit period, beginning 21 October. The construction of the No. 1 reactor will be completed in 2003 at the earliest, provided that the light-water reactor project is carried out smoothly as scheduled in the provision agreement. This means that 500,000 tons of heavy oil should be offered every year for at least eight years in the future.

However, it seems that the United States has been in torment [sumul holtogida] from the beginning. The amount allotted for the support of the Korean Peninsula Energy Development Organization [KEDO] in next year's U.S. budget is only \$22 million. And of the total \$22 million, not all of it can be used for heavy oil. The share in KEDO's operational funds should be deducted from this amount and the expenses required for disposing of fuel rods, to be carried out by the United States in North Korea, should also be put aside. As a result, it has been learned that the money that can be used to pay for heavy oil amounts to only \$9 million. This being the case, the United States is making every effort to make up the difference. The United States is indiscriminately asking the European Union, ASEAN nations, the Middle East countries, Australia, Canada, and the like for help. However, these countries are not willing to offer money for something they believe to be unprofitable.

It is highly likely that if the head of the White House is replaced by one from the Republican Party in next year's presidential election, securing funds will become even more difficult.



The ROK, a member state of KEDO's Executive Council, insists that it cannot shoulder the heavy-oil expenses since it is bearing the light-water reactor expenses, and the United States has affirmatively considered the ROK position. This being the situation, some people observe that it is imperative for Japan to share a considerable portion of the expenses.

In the event that the United States fails to keep its promise for the heavy oil provision, the implementation of not only the light-water reactor project but also the DPRK-U.S. framework agreement would waver to a great extent. This is because no one is sure that North Korea will not resume its nuclear activities on the pretext of U.S. failure to keep the promise. There is even an observation, though it may be hasty, that if the United States fails to secure funds for next year's heavy oil, the DPRK-U.S. framework agreement and light-water reactor project will face a great crisis in the later half of next year.

#### **DPRK 'Ready To Provoke' South**

SK1512100295 Seoul YONHAP in English  
0918 GMT 15 Dec 95

["N. Korea Completes War Preparations Despite Poor Economy: NSP" — KCNA headline]

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — Despite its grave economic crisis, North Korea has finished preparations to wage war and is now ready to provoke South Korea at any time if its de facto leader Kim Chong-il and its military intend to, the Agency for National Security Planning (NSP) said Friday.

In his reports at a closed session of the National Assembly's Intelligence Committee Friday afternoon, NSP director Kwon Yong-hae was quoted as saying, "This winter and next year's spring food-short season will be critical periods in managing the crisis on the Korean Peninsula."

Kwon's remarks were partly relayed to reporters after the meeting by committee Chairman Rep. Shin Sang-wu.

Last October, Kwon reportedly said, North Korea relocated some 420 military aircraft in frontline and rear areas, moving more than 90 of them to three reserve bases in Taetan, Nuchonni and Kueupni located just 40 kilometers away from the Demilitarized Zone.

Kwon revealed that a regiment of Il-28 bombers have been moved from Uiju to a base in Taetan, from which the bombers can reach Seoul in just five minutes.

"As long as the North Korean leadership sees the current circumstances as turning in favor of their

communization scheme, the most potential danger could be coming from a combination of North Korea's internal crises and its military adventurism," he was known to have said.

He continued that the Stalinist country has supplemented its war command system on Kim Chong-il's instruction and stored war materials in some 200 underground tunnels enough to wage a war for three months.

The intelligence chief also noted that Pyongyang authorities have openly executed some 100 criminals, surmising that such harsh measures have apparently been designed to keep its tense readiness for general mobilization.

#### **DPRK Holding Exercise Near DMZ**

SK1512091195 Seoul MUNHWA ILBO in Korean  
15 Dec 95 p 1

[By reporter Yi Sang-ho]

[FBIS Translated Text] A senior information official of the government on 15 December said that the North Korean Army is conducting a large-scale winter mobile exercise along the DMZ by mobilizing some 100,000 troops, a number of troops equivalent to several army corps, thus heightening military tension between the North and the South.

The North Korean Army is conducting this mobile exercise along with a large-scale aircraft take-off and landing exercise, and the number of the troops mobilized in the exercise is the largest in several years.

According to the official, the North Korean Army forward deployed some 100 fighters and long-range artillery near the DMZ last month, and this month has been conducting large-scale winter mobile exercises, by mobilizing ground forces.

The official said that the North Korean Army has rapidly increased the frequency of southward broadcasts and broadcasts over loudspeakers since October, thus stepping up its psychological warfare against the south.

Therefore, the index calculated by the ROK-U.S. Combined Forces Command [CFC] based on some 80 signs of provocation by the North Korean Army which are monitored, has risen overall from the alert level of "Watchcon 4" to "Watchcon 3." Hence, the CFC is stepping up intelligence gathering activities with the spy satellite and U-2 flights, the official said.

The National Assembly will hold an Information Committee meeting this afternoon, and listen to a report by Kwon Yong-hae, director of the Agency for National



Security Planning, on the unusual moves of the North Korean Army.

#### **DPRK Ironworks Idle as PRC Demands Payment**

*SK1512114395 Seoul CHUNGANG ILBO in Korean  
15 Dec 95 p 2*

[FBIS Translated Text] A government source revealed on 14 December that recently two of the three smelting furnaces at the Kim Chaek steel complex, which is North Korea's largest ironworks, suspended operations due to a lack of coke.

This source, well-versed in the North Korean situation, said: "Recently, since North Korea did not settle the price for coke it imported from China in dollars, China suspended the supply of coke to North Korea. Therefore, currently only 30 percent of facilities are in operation at the Kim Chaek steel complex."

#### **Japan Wants To Participate 'More' in LWR Project**

*SK1512113795 Seoul MUNHWA ILBO in Korean  
15 Dec 95 p 2*

[By reporter Han Chong-ho]

[FBIS Translated Text] It has been learned that the Japanese Government has recently informed the ROK Government of its strong desire to participate in all the areas of the light-water reactor [LWR] construction project for North Korea, including the production of major equipment, for reasons of "ensuring safety."

This is likely to stir new controversy over the scope of participation in the construction project in addition to the already-revealed problem between the ROK, the United States, and Japan over the sharing of expenses for the provision of LWR's. According to a well-informed source who asked to remain anonymous, the Japanese side informed the ROK side of the above-mentioned Japanese position by stating that "Japan hopes to participate in all areas within the scope of not altering the basic design" at "the ROK-Japan working-level meeting on the scope of participation in the LWR project" which was held in Japan on 6 December.

The meeting, which was convened at Japan's request, was attended by section chief-level working level officials from the LWR Planning Group and the engineers of the Korea Electric Power Corporation [KEPCO] from the ROK side. While the Japanese side said, "We are not asking that our share of work coincide with our share of the financial burden," it is said to have made a strong request to the ROK side by stating, "Since the safety of the LWR's that are to be built in North Korea is of importance to Japan, we would like for Japan to manufacture key parts, such as the turbine generator."

ROK experts are raising strong objections to this, as it may be interpreted as a serious questioning of not only the ROK's ability to build nuclear reactors, but also the safety of the ROK-model LWR's.

At the same time, the government interprets the Japanese request which was made under the pretext of ensuring safety, to have emerged from Japan's desire to have its businesses participate in the LWR project, and is taking pains to cope with it.

In the meantime, KEPCO submitted a report to the effect that "to realize the goal of building the ROK-model LWR's, adoption of the project structure of the Ulchin Nos. 3 and 4 reactors is essential," thereby revealing its position that the Memorandum of Understanding KEPCO signed with CE [Combustion Engineering] of the United States, remains a precondition for the project.

#### **Hungarian Prime Minister Horn Departs**

*SK1512042995 Seoul YONHAP in English  
0408 GMT 15 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — Hungarian Prime Minister Gyula Horn left Seoul Friday after winding up a three-day state visit there as a guest of President Kim Yong-sam.

While in South Korea, Horn met with President Kim and agreed to increase bilateral relations in trade and investment promotion as well as mutual cooperation in the fields of science and technology.

During the summit, the Hungarian leader voiced his country's positive support for Seoul's efforts to maintain peace on the Korean peninsula.

Horn also met with National Assembly Speaker Hwang Nak-chu and Prime Minister Yi Hong-ku and business leaders and asked for South Korea's positive participation in privatization projects of Hungarian companies.

#### **Year-End on Kim's 'Globalization of Diplomacy'**

*SK1512115695 Seoul YONHAP in English  
0559 GMT 15 Dec 95*

["Editor's Note" to YONHAP item by Hwang Sok-chu headlined: "President Kim YS Pursues 'Globalization of Diplomacy'": "This is the third in a series of year-enders reviewing major inter-Korean, socio-political and economic developments this year. The following article looks at President Kim Yong-sam's summit diplomacy."]

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — President Kim Yong-sam this year really seems to have kept to his words, "I would go anywhere if it serves national interests."



Indeed, the head of state has spent numerous hectic days in pursuing his "summit diplomacy" all year round, visiting other nations, receiving foreign leaders and participating in international economic forums such as the Asia-Pacific Economic Cooperation (APEC).

In short, Kim's 1995 summit diplomacy can be described as the "globalization of diplomacy" that conforms with a national goal of globalizing the country he called for while visiting Sydney, Australia, in November 1994.

Among his major diplomatic achievements, the most noteworthy was South Korea's historic entry into the UN Security Council as a non-permanent member, a cornerstone achievement in the nation's bid to be a major player in the international community in the coming century.

The integral tenet of his "new diplomacy" was to break away from the old policy that emphasized security and four-axis diplomacy and pursue diversification as well as regional cooperation and future-orientation.

Accordingly, Kim focused on multilateral diplomacy via international organs, improvement of Seoul's ties with major nations in Europe and North America, and a leading role in creating a new order in the Asia-Pacific region.

His diplomacy this year started with a tour of five European Nations — France, the Czech Republic, Germany, Britain and Belgium — between March 2-15.

During his European tour, the president also attended the UN World Summit for Social Development in Copenhagen, Denmark, between March 6-12.

The trips were meaningful in light of the need to strengthen external economic ties, given that the European Union (EU) is one of three industrial giants presently leading the world economy, along with the United States and Japan.

For that reason, President Kim selected the EU as the first stage for his summit diplomacy and had some 60 businessmen to accompany him.

In the so-called sales diplomacy, the chief executive agreed with major European Nations on the expansion of investment and trade, technology transfer and joint advances into third markets.

Between July 22-29, he made a state trip to the United States that coincided with the 45th anniversary of the Korean war. Seoul and Washington reaffirmed their 30-year alliance and established a future-oriented cooperative relationship going into the 21st century.

Overall, however, the centerpiece of Kim's diplomatic tact was his participation in the special commemorative meeting of the General Assembly on the 50th anniversary of the United Nations' founding.

The country's entry into the UN Security Council as a non-permanent member Nov. 8 and Kim's activities with the international body has contributed to the rise in South Korea's position in the world, as well as marking a new era in the country's relations with foreign nations.

In his address delivered at the UN General Assembly, President Kim called for the reform of the world body on one hand, and promised increased contribution to it.

During the UN special meeting, Kim also engaged in brisk multilateral diplomacy, meeting with heads of state including Singaporean Prime Minister Go Chok-tong.

Kim's activities at the world body, therefore, have been evaluated as paving the way for the country to heighten its roles in the international community by leaps and bounds.

Additionally, the president also played a major role at the APEC forum in Osaka between Nov. 17-22.

In mapping out the APEC action agenda, Kim played an intermediary role between developed and developing nations, eventually contributing to the development of the international economic body and liberalization of investments among member countries within the region.

Kim invited 13 foreign heads of state to visit the country this year.

An official state visit here by Chinese President Jiang Zemin in November is said to be one of the president's greatest diplomatic achievements. Jiang was the highest-ranking official from Beijing ever to visit the nation.

Another notable visitor here was South African President Nelson Mandela.

#### **Prosecutors To Expand Probe on Arms Deals**

*SK1512043695 Seoul THE KOREA HERALD  
in English 15 Dec 95 p 3*

[FBIS Transcribed Text] Prosecutors probing a fighter procurement scandal hinted yesterday they will expand the probe to cover other arms purchasing projects.

"Currently the focus is on the fighter project, but we will consider looking into other programs as well," said Senior Prosecutor An Kang-min.

The probe is to find out the alleged kickbacks former President No Tae-u already in detention on graft charges, accepted from arms dealers while in office.



The military buildup projects carried out during No's 1988-1993 presidency included those to buy fighter jets, antisubmarine aircraft, tanks and destroyers.

Since indicting No on bribery charges Dec. 5, the prosecution has been focusing on suspicions over the switch of decision to buy F/A- 18s in favor of F-16s in purchasing jet fighters.

As part of a continuing probe into the fighter scandal, prosecutors yesterday interrogated No and his former national security adviser, Kim Chong-hwi, in detention.

Kim was arrested Wednesday, two days after returning from the United States, where he had stayed for two years and eight months to avoid arrest.

He was charged with taking 130 million won in bribes from arms brokers in a military transport plane purchase project, which is not directly related with the fighter scandal.

Kim was said to have acknowledged that No ordered the change of decision in favor of F-16s, but denied any knowledge about the alleged rebates.

Prosecutors, meanwhile, said they expect to find clues for No's alleged secret Swiss bank accounts from the U.S. investigative records on the currency law-violation case involving No's daughter, So-yong.

The documents arrived in Seoul in a diplomatic pouch yesterday, after being handed over to the Korean Embassy in Washington by U.S. officials. They are expected to be delivered to the prosecution today.

The records are on the 1990 case of So-yong and her husband being charged in the United States with illegally bringing in nearly \$200,000 in cash.

The couple were convicted in a U.S. federal court for violating currency laws, and given suspended sentences. The money was confiscated.

The case provoked suspicion that the cash was from a Swiss bank account held by No.

No allegedly handed the money to the couple in late 1989 when he met them in Seattle during a stopover on his return home from a state tour of European countries.

Prosecutors said that after examining the records, they will send them to Swiss authorities to help them check accounts that might be held by No or his family members.

They said the U.S. records were said to include materials showing that binds used wrapping up the money contain signatures of clerks of the Union Bank of Switzerland.

They indicated Wednesday that they will consider summoning the daughter if necessary for the probe.

In the meantime, Hanbo Group Chairman Chong Tae-su was temporarily released from detention yesterday because of his poor health, court officials said.

Chong's detention will be suspended for two months, they said, adding he will remain in confinement at Seoul National University Hospital.

Chong was arrested late last month on charges of giving bribes to No over a housing project and helping the ex-President launder some of his slush funds.

He faces trial Monday along with No and other business tycoons also accused of bribing No.

#### **'Specter of Purge' in Corruption Probe**

*SK1512084395 Seoul YONHAP in English  
0808 GMT 15 Dec 95*

[*"Specter of Political Purge Is Haunting Political World"* by Kim Myong-chol]

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — With the regular budget session of parliament ending early next week, the specter of a purge is haunting the political world.

The prosecution's investigation into alleged corruption and irregularities committed during the Fifth and Sixth Republics has already led to the arrest of Chon Tu-hwan and No Tae-u, who held the reins of the two governments.

And many politicians, especially those who had been active in the past two military-backed regimes, are in constant fear lest the fang of the probe strikes at them, irrespective of their party affiliation. Reports have it that a covert investigation into wrongdoings allegedly committed by two opposition leaders Kim Tae-chung and Kim Chong-pil is underway.

In the ruling New Korea Party, many are possessed with the fear of political cleansing.

Such a phobia is particularly deep in the so-called Democratic Justice faction, a group of lawmakers who had once been loyal in one way or another to the two arrested ex-presidents.

They are concerned that if the faction as a whole is seen as a group of "bad guys" as a result of the purge, they would suffer very much in next year's general elections.

But some have shown feelings of resignation toward the purge, saying those found to have committed irregularities during the investigation would have no choice but to face punishment by law.

On the other hand, junior members of the so-called Democratic Faction loyal to President Kim Yong-sam



are raising a strong voice in support of the purge of those who have stained the nation's political history with corruption and irregularities, even if they include senior members of their faction and the two opposition leaders, Kim Tae-chung and Kim Chong-pil.

In the main opposition National Congress for New Politics (NCNP), the atmosphere is tense.

When Chon and No were jailed, the NCNP anticipated that the next target in the witch hunt would be its leader Kim Tae-chung. The opposition party has failed thus far in finding an adequate way of countering the purge, except maintaining a firm resolution to fight.

At a meeting of executive councilors and lawmakers Friday, NCNP President Kim grimly remarked, "We are now at the crossroads of death or life... We have no way but to win the fight."

At the gathering, a resolution calling for President Kim Yong-sam to reveal the money he received from No for the 1992 presidential elections was adopted, as well as the appointment of a special prosecutor to investigate the coup and the massacre and a halt to the alleged oppression of opposition parties.

"Frankly speaking, we are not for taking the offensive but for taking the defensive," the NCNP leader said. "We don't want President Kim Yong-sam to become unhappy and we are ready to help him if he does a good job, but he is hard on us."

Thus, the NCNP, while expecting a political settlement, appears to be mobilizing all possible means to defend itself against the political purge.

The minor opposition Democratic Party (DP) supports the weeding out of corrupt politicians and strongly opposes the purge from becoming a mere slogan as a result of government-NCNP negotiations.

DP spokesman Yi Kyu-taek said the ongoing investigation into the 1979 coup and the 1980 Kwangju massacre should shed light on all the truths related to the two incidents, and that legal action against those involved in the slush fund scandals of the two former presidents and other dirty money should not be a matter of political settlement.

The other minor opposition United Liberal Democrats (ULD) appear perplexed with rumors that not only its President Kim Chong-pil but also a few other of its leaders have been included in the list of corrupt politicians to be expurgated. The ULD's official position is that it has no politicians on the purge list.

When the purge starts to approach it, the ULD plans to launch a strong anti-government offensive campaign, demanding like the NCNP that President Kim Yong-

sam make public the money he received from No as campaign funds in the 1992 presidential election.

#### **Accounts With Suspected Links to Chon Probed**

*SK1512090195 Seoul YONHAP in English*  
*0814 GMT 15 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — Having obtained search warrants issued by the court Friday, the prosecution started to look into 100 real-, false- or borrowed-name bank accounts to determine the amount of slush funds jailed former President Chon Tu-hwan stashed while in office during 1980-1988.

Among the accounts searched were those held in the names of Kim Chong-sang, 49, formerly a chief accountant of the presidential security service, the presidential security service and the Ilhae Foundation.

Also included were over 10 accounts bearing such pseudonyms as "Hong Kil-tong" opened at the Cheil Investment Financing Co., "Sin Song-cha" at the First Business Department of the Korea Commercial Bank, "Choe Tu-yong" at the Ta-tong Branch of the Seoul Bank, and "Cho Min-cha" at the Seoul Bank's Nam-daemun branch.

Fifty uninscribed certificates of deposit (CD) issued by the Seoul branch of the Chungchong Bank were also among the 100 accounts examined.

The special investigation team of the Seoul District Prosecutor's Office, in its probe into the 1979 military coup and the 1980 military clampdown of pro-democracy protesters in Kwangju, had earlier questioned Kim in connection with Chon's slush fund, according to prosecution sources.

#### **Prosecution Receives Records on No's Daughter**

*SK1512090295 Seoul YONHAP in English*  
*0707 GMT 15 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — The prosecution took delivery Friday of the U.S. Government's records of its inquiry into attempts by former President No Tae-u's daughter So-yong and her husband to conceal 200,000 U.S. dollars in banks in the United States.

Having arrived at Kimpo Airport in a diplomatic pouch Thursday afternoon, the documents were turned over to a prosecutor Friday morning by Kim Suk, the Foreign Ministry's first North American Division director.

Upon translating the records into Korean, the prosecution plans to review them and decide whether or not to summon So-yong for questioning.



It also plans to convey relevant data in the U.S. documents to Swiss authorities to help them locate, if any, secret Swiss bank accounts held by No, his family members and relatives.

The money, which ex-president No handed the sum over to his daughter and son-in-law in Seattle on his way home from a state visit to European countries, is suspected to have been part of rebates he allegedly received in 1989 in connection with the Yulgok arms procurement program.

Prosecutors intend to probe into the sum in conjunction with their investigation of the Yulgok scandal.

#### **Editorial Urges Clearing Suspicion on Yulgok**

*SK1512110695 Seoul TONG-A ILBO in Korean  
15 Dec 95 p 3*

[Editorial: "The Yulgok Project Is a Security Issue"]

[FBIS Translated Text] Following the return of former Senior Presidential Secretary for Foreign and Security Affairs Kim Chong-hwi, the prosecution has begun a full-fledged investigation into the Yulgok Project, including the next-generation Korea Fighter Program [KFP]. As the first step, the prosecution arrested Kim on bribery charges according to the Additional Punishment Law on Specific Crimes, in connection with the purchase of middle-weight transporter planes from Spain.

The Yulgok Project started in 1974 with the objective of reinforcing war potential for the ROK's independent defense. As of 1994, 27.82 trillion won was invested in the Yulgok Project, accounting for 32.6 percent of the 10-year defense budget up to 1994. The major projects were the replacement of obsolete equipment, establishment of forward positions, construction of patrol gunboats, development of ROK-style tanks and armored cars, purchase of helicopters, submarines, and fighter planes, and acquirement of their production technology. The projects have ceaselessly aroused suspicion.

Kim had powerful influence on foreign, security, and reunification affairs during former President No Tae-u's term. He was deeply involved in the Yulgok Project. The Board of Audit and Inspection began to probe the Yulgok Project following the inauguration of the Kim Yong-sam regime in February 1993, and Kim escaped to the United States in March. People are bewildered by his return after two years and eight months.

Since he has decided to return and subject himself to the prosecution's investigation, Kim should frankly clear all suspicions regarding the switch of the KFP model, the leakage of information on Chongwadae's [presidential offices] moves, and his rebate. This is the only way for him to repent for his misdeeds, join in the eradication

of the past, which is being conducted under national consensus, and commit no further crime.

The prosecution should conduct a thorough investigation not only into the KFP, but also as far as former President Chon Tu-hwan's involvement in the Yulgok Project. Using national security and exercising influence to change the KFP model out of personal interest, leaking state secrets such as information on Chongwadae's moves, and soliciting rebates are crimes of treason. The rebate for the Yulgok Project is particularly important in determining the amount of No's secret funds. We request that the prosecution make a thorough investigation of Kim in connection with No's secret funds, and expel all suspicion over the Yulgok Project.

Rumors surrounding Kim's return allege that the ROK and U.S. Government have made a tacit agreement. The rumor is that the U.S. Government returned Kim under the condition that the ROK Government gives him light penalty. Such a rumor is not desirable. We do not want to believe this, but in many cases, such rumors later prove to be true. The ROK Government should clarify this.

#### **Appeal of Prosecution Decision Terminated**

*SK1512022595 Seoul YONHAP in English  
0211 GMT 15 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — The Constitutional Court's review of the prosecution's decision not to indict those involved in the May 18 military crackdown of Kwangju has been terminated as of Thursday [14 December], the Constitutional Court announced Friday.

The court said its review of the case was automatically ended as the appellants withdrew their appeal and their counterpart, the prosecution, raised no objections to the withdrawal.

Five of the nine justices supported the decision while others presented dissenting views.

#### **Daily Criticizes Kim Decision on Coup**

*SK1512032695 Seoul THE KOREA TIMES in English  
15 Dec 95 p 2*

[Report by political editor Chong Un-pong]

[FBIS Transcribed Text] President Kim Yong-sam's Tuesday [12 December] statement was far from satisfactory. He did not mention in detail the reasons he had to change his position on the past unfortunate incidents in which constitutional order was wantonly raped.

Kim had been maintaining the position that history should be the judge of the coup-like mutiny on Dec.



12, 1979, the dissolution of the National Assembly and ban on all political activity on May 17, 1980, and the brutal crackdown on civil protests in Kwangju for about 10 days from May 18.

All of a sudden, he changed his position, instructing the ruling Democratic Liberal Party last month to prepare legislative steps to bring to justice former Presidents Chon Tu-hwan and No Tae-u and others involved in the series of incidents in which power was usurped.

Faithfully following the cue, the prosecution authorities are now making a fuss, questioning Chon, No and their associates so they can indict them, reversing their earlier position.

Had it not been for President Kim's earlier position, prosecutors may have indicted Chon and No and their underlings in July after wrapping up their long investigation. However, they then decided not to indict them even though they concluded that the series of incidents constituted a major crime against the state. At that time, they said a "successful" coup cannot be subject to judicial scrutiny.

Now, it is different. They are taking legal proceedings against the former presidents and their underlings only because of President Kim's abrupt turnabout and the upholding of the principle that Korea's distorted national history must be set right and Constitutional order safeguarded.

In his roller-coaster ride between the two extreme positions, the damage done to the honor and prestige of the prosecution authorities has been irreparable.

For this, President Kim has to answer.

He did not explain at length why he had to change his position in the Tuesday statement. Without even a word of apology, he tried to defend his change of mind.

He said, "Through the revelations of the former president's corruption, I have been able to confirm that the roots of this grave betrayal of the trust and expectations of the people lie in the Dec. 12, May 17 and May 18 incidents. We can no longer overlook, in the name of national reconciliation, acts and attitudes that have disgraced the people and Korean history."

But, what people wanted to hear is how much he agonized. He should have detailed the process by which he changed his mind and the excruciating soul-searching he must have subjected himself to as a man who once joined hands with No.

People want to hear his agony even though it may not be fit to print. But the statement was concerned more with explaining the righteousness of his decision, with his stressing that it was taken to right the wrongs of

history and fortify the Constitutional order to preempt any likelihood of a coup in the future.

Like everyone, President Kim is not impervious to wrongdoing. His judgment is not impeccable. He can stray like everyone else. But Tuesday's statement leaves room for suspicion that President Kim is a man who will not admit his own faults.

Notwithstanding, his decision to indict those who masterminded the crime of usurping power 15 years ago is right and proper. But he cannot run away from the criticism that the decision might have been politically motivated.

His opponents argue that President Kim acted to turn the current political situation in his favor, cashing in on rising public opinion against No's brazen-faced money-raking activities less than five months away from the general election of lawmakers.

President Kim's sudden change of mind evokes bitter memories of disarray in the government rice aid to North Korea last summer.

To help ease the food shortage there, President Kim made the important decision to supply rice free of charge to North Korea out of brotherly love. Regrettably, the humanitarian aid was also used to boost the electoral chances of the ruling Democratic Liberal Party, predecessor of the present New Korea Party, in the local elections.

As everybody knows, the June 27 local elections, the first in three decades, ended in resounding defeat for Kim's party.

#### **Reaction to New Premier Mostly Positive**

*SK1512130095 Seoul YONHAP in English*  
*1113 GMT 15 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — President Kim Yong-sam's naming of Yi Su-song, Seoul National University [SNU] prexy, [president] as new prime minister Friday has been affirmatively received by the political circles.

Ruling and opposition parties alike took note of the fact that Yi is a fresh face not related to the past administrations.

Some sectors, however, voiced the doubt if Yi, inexperienced in politicking and administration, could be able to surmount the current difficulties effectively.

The ruling New Korea Party welcomed Yi's appointment, emphasizing the fresh and unadulterated image of Yi.



Asked for a comment on the new appointee, party Chairman Kim Yun-hwan said with a smile, "Isn't he a T.K. [Taegu-Kyongsang Province native]? I know him well though my acquaintance with him is not as close as with outgoing Premier Yi Hong-ku."

Kim implied his appointment has nothing to do with the current political crisis by asking, "What relationship can the change of the prime minister have with the present political situation?"

Party Spokesman Son Hak-kyu said the selection well manifests President Kim's determination to straighten up disturbed public sentiments and rectify the distorted part of history.

Key officials of the major opposition National Congress for New Politics spoke well of the personality of new Prime Minister-Designate Yi.

Party Policy Committee Chairman Son Se-il said Yi is an unbiased man. "But, the problem is how far would President Kim delegate power to the premier," Son said.

Some NCNP officials voiced the fear if Yi won't be the second Yi Hoe-chang, a former prime minister who was sacked for trying to exercise the authority of his own.

NCNP Guidance Committee Chairman Kim Sang-hyon was not buying Yi's appointment. "During a political turmoil, a prime minister should be a man of political ability," Kim said.

Democratic Party officials as a whole took Yi's appointment as "proper."

"As he taught law and justice at classes, we hope he will restore law and justice in the society without reading the face of the president," Party Spokesman Yi Kyu-taek said.

He said that since a new cabinet would have the all-important duty of managing the upcoming general elections, Yi's cabinet should be fair and neutral, not dependent on any partisan faction.

Rep. Chang Ki-uk said he hopes the appointee would display the wisdom and courage he showed during the "spring of Seoul" in 1980 and thereby restore social justice.

Chang apparently refers to the episode in which Yi, as a SNU Law College professor, carried demonstrating students back to the campus by school bus and treated them with meals, for which Yi was said to have been carried away by military investigators and gone through some maltreatment.

The United Liberal Democrats spoke well of Yi's personality, but was sceptic if he could effectively untie the highly entangled current political situation.

Party Spokesman Ku Chang-nim said that since the new premier has no experience in public administration. "We hope he will manage state affairs in the manner of working in concert with the parliament."

Party Secretary General Han Yong-su said that "appointment of a scholar as the new head of a cabinet that will manage next year's general elections means that there lacked prudence in his selection."

#### **New PM Profiled; 'Sweeping' Reshuffle Planned**

*SK1512083095 Seoul YONHAP in English*  
0809 GMT 15 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — President Kim Yong-sam Friday named Seoul National University President Yi Su-song as the new prime minister to replace Yi Hong-ku in a major cabinet reshuffle expected to come shortly.

Yi Su-song will formally assume his new post after the National Assembly endorses his appointment.

President Kim will conduct a sweeping reshuffle of Cabinet members following the parliament's endorsement of the new prime minister.

A motion calling for parliamentary consent of the new prime minister's appointment will be submitted to the National Assembly Friday, presidential spokesman Yun Yo-chun said.

The spokesman said the new prime minister is "a man of virtue and stern integrity, and has earned a reputation of being honest and trustworthy."

"President Kim has selected a virtuous and learned man to achieve the great future-oriented task for correcting the country's history," Yun said.

The spokesman explained that President Kim asked Yi to steer the cabinet when they met at Chongwadae [presidential offices] Dec. 4.

A native of Chilgok in North Kyongsang Province, Yi, 56, graduated from Seoul National University's College of Law, earning his doctorate there. He then served as a professor and dean of college of law until he became president of his alma mater.

#### **Prime Minister-Designate Comments on Appointment**

*SK1512110495 Seoul YONHAP in English*  
1053 GMT 15 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — Prime Minister-Designate Yi Su-song said Friday he feels his responsibility is all the heavier because he has no experience as an administrator.



"But, I will do my best in the premiership as I did as a scholar," Yi said in his first press conference upon appointment at his residence in the precincts of Seoul National University.

Asked to say something on the current political situation, Yi said he cannot because he said his appointment is yet to be approved by the National Assembly.

He was quick to add, however, that since he is mulling a lot with regard to the current political problems, he would put them into practice once the Assembly okays his appointment.

Saying that he found President Kim Yong-sam's trust in him was much greater than expected, Yi said he had to accept the offer because he thought if he declined it to the end it would have been uncourteous to the president.

He also said he is sorry for leaving the presidency of Seoul National University halfway, unable to fulfill his duty of further developing the university.

#### **Parties Welcome Constitutional Court Decision**

SK1512080795 Seoul YONHAP in English  
0733 GMT 15 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — Both the ruling and opposition camps Friday welcomed the Constitutional Court's decision not to make a ruling on the appeal protesting the prosecution's decision not to indict those involved in the May 18 military crackdown in Kwangju in 1980.

Opposition parties, however, again clamored for the introduction of a special prosecutor system for the investigation, while the ruling party urged them to refrain from making such demands.

The ruling New Korea Party (NKP) called the judicial decision an "appropriate conclusion."

Rep. Son Hak-kyu, NKP spokesman, said, "The National Assembly should enact the special law at an early date to rectify history by punishing those who committed illegal historical incidents and justified their acts."

He added that the National Assembly should not waste any more time in continuing political controversy over the introduction of special prosecutor system.

"Instead, the National Assembly should answer the people's hope to enact the special law as soon as possible to punish those who destroyed a constitutional government in military rebellion and coup d'etat," he said.

The main opposition National Congress for New Politics (NCNP) welcomed the decision, saying "It is natural."

Had the court decided that the statute of limitation for those involved in the May 18 crackdown had already expired, the enactment of the special law would have become difficult, a party official said.

Additionally, if the court had judged the decision not to indict figures involved in the bloody suppression to be unconstitutional, the prosecution would have had probable cause to reinvestigate the incident and the NCNP could have lost its bid to demand introduction of special prosecutor system, according to the official.

NCNP spokesman Pak Chi-won said, "It is natural that the court declared the termination of the appeal case."

He urged that the National Assembly should complete the introduction of the proposed special law and a special prosecutor system soon to solve the May 18 issue in a real sense, pointing out that the decision not to indict those involved in the case was not reversed.

Rep. Pak Sang-chon of the NCNP said, "Now we will not have any problem in legislating the special law at the National Assembly."

Another opposition Democratic Party (DP) also called the decision as "natural."

Had the court declared that the statute of limitation for those involved in the May 18 suppression had expired, the enactment of the special law may have been subject to debates over its constitutionality, a senior DP official said.

He added that in that case, a constitutional revision would have been discussed to as an alternative in an effort to avoid such a controversy and thus would have further added to the uneasiness of the political situation.

Rep. Yi Kyu-taek, DP spokesman, said, "Now the political circle should draft the special law as soon as possible and carry out the historic mission to strictly punish those who destroyed constitutional government and killed innocent people in the Dec. 12 rebellion and May 18 suppression."

Another opposition United Liberal Democrats (ULD) said that it will respect and follow the court's decision.

#### **ULD Suggests 'Truce' on Charges on Chon, No**

SK1512014595 Seoul THE KOREA TIMES in English  
15 Dec 95 p 2

[FBIS Transcribed Text] A conservative opposition party yesterday suggested a political truce for the criminal charges against the two disgraced former presidents, citing what it called an unusual military situation in North Korea.



"People are concerned about North Korea's unusual military movement," warned the United Liberal Democrats [ULD], led by conservative opposition leader Kim Chong-pil.

The ULD warning came after military leaders warned of the North's buildup of warplanes and guns along the Demilitarized Zone which divides the peninsula.

Last week, the country's armed forces were put on a five-month alert, saying North Korea may launch an attack to avoid a crisis stemming from economic woes and serious food shortages. Pyongyang responded by saying Seoul was trying to divert attention from its own domestic problems.

In calling for a political truce, the opposition party urged President Kim Yong-sam to end confrontations over investigations into the past wrongdoings of his jailed predecessors Chon Tu-hwan and No Tae-u.

"The ruling camp should immediately open dialogue with the opposition," the ULD said in a statement.

But the ruling New Korea Party rebuffed the ULD's suggestion, saying the opposition should not hamper the prosecution probe into the corruption and military rebellion cases.

The nation's ruling and opposition parties have been locked in a bitter confrontation since the slush money scandal involving President Kim's immediate predecessor No started in late October.

The opposition, concerned about the fallout of the scandal, has accused the President of using the scandal for political gains ahead of the general elections in April of next year.

The ruling party has urged the leaders of the opposition to quit politics, contending that they were, corrupt and had received money from Chon and No.

#### **Nuclear To Account for 45.5% of Power by 2010**

*SK1512034695 Seoul THE KOREA TIMES in English 15 Dec 95 p 8*

[FBIS Transcribed Text] Nuclear plants will account for 45.5 percent of the total power generation of 408,190 gigawatt hours in Korea in the year 2010, up from the current 34.5 percent, the Ministry of Trade, Industry and Energy [MOTIE] said yesterday.

The energy reserve ratio will also rise to 18-20 percent in the long term to cope with unexpected climatic changes as well as demand generated by improving relations with North Korea.

These long-term projections and plans were unveiled by MOTIE in a public hearing held yesterday at the

headquarters of the Korea Electric Power Corporation (KEPCO) in southern Seoul and attended by energy experts.

According to MOTIE officials, some 46.5 trillion won (55 billion dollars) will be spent over the next 15 years putting into commercial operation 122 power plants with a generation capacity of 5.7 million Kw.

This will give Korea in 2010 the capacity to supply 79.55 million Kw for demand of 65.64 million Kw, a reserve ratio of 19.1 percent almost three times this year's 6.4 percent, the MOTIE officials said.

They said the increase in power generation capacity will come from construction of 19 nuclear plants, 29 coal-powered thermal plants, five oil-powered thermal plants 40 liquefied natural gas-powered plants and 19 others.

As part of plans to include private companies in power generation projects, bids will be accepted by KEPCO for the construction of 15 plants, including two water-pumped storage facilities.

As for nuclear plants, MOTIE and KEPCO are working closely on the development of the technology for next-generation plants with capacities of 1.3 million Kw, larger than the conventional units of 1 million Kw.

#### **Firm Wants To Transport Coal via Northern Port**

*SK1512032295 Seoul YONHAP in English 0224 GMT 15 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 15 (YONHAP) — The Korea Coal Corp. (KCC) is promoting a plan to participate in the exploitation of bituminous coal mines in the Chinese Province of Heilongjiang and to transport the coal produced there into South Korea through a North Korean port, such as Chongjin or Kimchaek.

Prospects for realizing the plan are good as the corporation has proposed to supply the North with anthracite coal, which has a small demand in South Korea, in return for the use of North Korean port facilities, company officials said.

Heilongjiang provincial authorities have also suggested their intent to lay a railroad track to Chongjin for transporting bituminous coal, if and when the North wants it.

The transportation of coal from Heilongjiang Province to South Korea through a North Korean port on the east coast would be less costly than having it shipped here via the West Sea, the officials explained.

Pyongyang, which is considerably behind on payments on its importation of bituminous coal from Heilongjiang,



may find it difficult to reject such an offer by the province to build a railroad line, they added.

The KCC plans to send a survey team to the province early next year to check the quality of bituminous coal and road networks there as well as collecting relevant information.

**Company Adopts English as 'Official Language'**

SK1512042495 Seoul THE KOREA HERALD  
in English 15 Dec 95 p 8

[FBIS Transcribed Text] English has for the first time been adopted as the "official language" at an all-Korean construction site run by Hyundai Engineering & Construction Co.

The company's 15-men engineering staff stationed in Chinju, South Kyongsang Province, for the construction of an apartment complex are brushing up on their English by conducting their daily meetings and documentation in English, a company spokesman said yesterday.

The idea was generated by the head of the engineering staff, who spent several years in the company's overseas construction sites, said a company spokesman.

**Increasing Number of Illegal Firearms Smuggled**

SK1512013995 Seoul THE KOREA TIMES in English  
15 Dec 95 p 3

[Article by staff reporter O Yong-chin]

[FBIS Transcribed Text] An increasing number of illegal firearms are being smuggled into Korea, and there is a possibility that organized crime rings could get hold of them, posing a great security risk to society, the Agency for National Security Planning [NSP] said yesterday.

The NSP said that north Korea is trying to sell arms to international criminal organizations to ease its financial squeeze and bring in sophisticated small arms for espionage agents who will be sent to the South.

According to the agency's statistics, 63 firearms were confiscated while being illegally brought into the country over the past five years, 39 of them carried by foreigners, mainly Chinese and Russians.

Six pieces were seized in 1991, 11 in 1992, 10 in 1993, 21 in 1994 and 15 by November this year. Firearms-

related fatalities numbered 10 in 1993, 12 in 1994 and 15 in this year.

The agency said that the most recent gun-related accident took place this month when a merchant ship sailor, Chang Pong-su, 21, shot to death a high school student in Pusan with a 38 caliber pistol he purchased in Cape Town, South Africa, and smuggled into Korea.

The NSP said that Russia is emerging as the key source of firearms smuggled into Korea. In July this year, Russian sailor Onkryzhey Sergey [spelling as published] was caught trying to smuggle a piece aboard a fishing ship.

Also in July, another Russian sailor was caught in the middle of selling two pistols to a Choe for 250 dollars apiece, it said.

The smuggling method is getting clever, it said, as in one case a pistol was dissembled to bolts and nuts and concealed in an iron to fool customs authorities.

The NSP is keeping an eye on the increasing cases of arms smuggling, because it might be related to the expansion of criminal rings in neighboring countries such as Yakuza in Japan, Triads in China and Russian Mafia in Russia.

In addition, the NSP is watching North Korea. Russian law enforcement authorities caught a North Korean agent smuggling an underwater weapon from Russia. Kim Tong-sik, also a North Korean agent captured in Puyo in October, had a set of special firearms with him.

The worst case scenario is that bad elements might get hold of illegal weapons and throw society into confusion by assassinating important persons or staging street shootouts.

A chilling fact is that there are an estimated 100,000 unregistered pieces of firearms being traded or in individual possession. Those registered number about 577,000 with some 1,200 gun shops in operation. The intelligence agency said that firearms made and sold for civilian use now can be upgraded to increase fire power and be used for criminal activities.

The NSP advises those possessing illegal firearms to report and register them with the authorities concerned.



**Burma****National Convention Plenary Session Continues****Proposals Read, Submitted**

*BK1512100095 Rangoon Radio Myanmar in Burmese  
1245 GMT 14 Dec 95*

[FBIS Translated Text] The National Convention Plenary Session continued at 0900 today at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon]. The session was attended by 517 of the 590 delegates eligible to attend the convention.

Delegate U Yaw Aye Hla read and presented a proposal to prescribe the detailed basic principles to organize the chapter on the executive that will be included in the formulation of the state constitution. The proposal was prepared by U Tun Kyaw, an independent elected representative from Namsan Township Constituency in Shan State representing the elected representatives delegate group. Delegate U Nyi Lay read and submitted part one of the collective proposal of the national races delegate group on the same subject, while delegates U Tint Aung and U Maung Maung Ko read and presented parts two and three, respectively, of the collective proposal.

The plenary session ended at 1120 and will resume at 0900 on 15 December.

**Further on Proposals**

*BK1412152295 Rangoon Radio Myanmar in Burmese  
1330 GMT 13 Dec 95*

[FBIS Translated Excerpt] The National Convention Plenary Session continued at 0900 this morning at the Central Conference Hall in the President's Residence Compound on Ahlone Road in Yangon [Rangoon]. It was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission; Brigadier Gen. Myo Thant, deputy commission chairman; and commission members; U Aung Toe, chairman of the National Convention Convening Work Committee; Deputy Committee Chairman U Tha Tun; and committee members; Brig. Gen. Tin Aye, chairman of the National Convention Management Committee; convention delegates; and local and foreign journalists. The plenary session was chaired by U Bo Myint from the delegate group representing workers. [passage omitted on composition of panel of chairmen]

First, the presiding chairman declared the session valid and open based on the attendance of 523 out of 590 delegates eligible to attend the convention.

U Thein Tun, a delegate representing the National Unity Party within the group representing elected representatives, submitted his party's proposal paper on basic principles for the chapter on the executive branch to be included in drafting of the state constitution. The meeting recessed at 1005.

When the session resumed at 1020, U Hla Maung, an independent elected representative from Karen State's Kya-in Seikkyi Constituency-1, read his proposal paper on basic principles for the chapter on the executive branch to be included in drafting the state constitution. The meeting recessed at 1100.

When the meeting resumed at 1200, the proposal paper on basic principles for the chapter on the executive branch to be included in the state constitution prepared by Dr. Hmu Tang, an independent elected representative from Chin State's Thanglang Constituency, and U Aung Thein, an independent elected representative from Shan State's Ywangan, was read. Dr. Hmu Tang read the first part of the report and U Aung Thein read the second part. The meeting recessed at 1315.

When the plenary session resumed at 1345, U Htaung Kho Htan, an elected independent representative from Sagaing Division's Tamu Constituency, read the first part of his proposal paper on basic principles for the chapter on the executive branch to be included in the state constitution. The meeting recessed at 1425.

When the plenary session resumed at 1440, U Htaung Kho Htan read the second part of his proposal paper.

The plenary session ended at 1510. The plenary session will continue at 0900 on Thursday, 14 December.

**Karen Group Sent To Hold Talks With SLORC**

*BK1512065395 Bangkok THE NATION in English  
15 Dec 95 p A2*

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Burmese Karen guerrillas dispatched a seven-member advance team to Burma on Wednesday to prepare for ceasefire negotiations with the country's ruling junta, according to a top Karen official.

The group left Mae Sot for Myawaddy, where they travelled by car to the Karen State capital of Pa-an. From there, they travelled by boat to Moulmein, the capital of the Mon State.

The official said he believes the Karen National Union (KNU) team led by Padoh Saw Klee Say will meet with the Burmese Army Southeast Command's Major Geneml Ket Sein. Colonels Kyaw Win and Kyaw Thein from the Defence Directorate Service of Intelligence,



both key Burmese players in past ceasefire talks with over a dozen other armed ethnic groups, might also participate in the negotiations, he added.

The official, who asked not to be named, said the KNU does not want to disclose the members of its official delegation to the ruling State Law and Order Restoration Council (SLORC), as it wants to see the results of the advance team, which is expected to be away for two weeks.

In a statement released on Wednesday, the KNU said dialogues between the SLORC and KNU were possible because of efforts and mediation by a group of six ethnic civilians, including a clergyman from Burma.

The six were identified as U Khun Myat, a Kachin merchant; Saw Tun Aung Chaing, retired Rangoon University history professor; Saw A Soe Myint, a former Karen revolutionary member; Saw Henson Tardaw, retired Rangoon University geography lecturer; Rev Saw May Gay Gyi, a general secretary of the Christian Union Organization; and Saw Richard, a retired official of the Forestry Department.

The KNU official revealed during an interview yesterday that two Burmese soldiers from the 103rd Light Battalion had on Dec 6 crossed the Thai-Burmese border in Phop Pha District of Tak Province and surrendered to the Thai Army.

Thai officers have refused to return the two 20-year-old soldiers, who were identified as Myint Kyo and Aung Myint.

The two soldiers said the harsh conditions of living in the jungle during this cold season with insufficient food and clothing had led to their taking the extreme step.

#### **Than Shwe, Khin Nyunt Depart for Bangkok**

*BK1412135795 Rangoon Radio Myanmar in Burmese 1245 GMT 14 Dec 95*

[FBIS Translated Text] A Myanmar [Burmese] delegation led by Senior General Than Shwe, chairman of the State Law and Order Restoration Council and prime minister, left Yangon [Rangoon] International Airport in a special plane at 1000 this morning to attend the meeting of ASEAN heads of government and the heads of government of Cambodia, Laos, and Myanmar [Burma] to be held in Bangkok on 15 December.

The Myanmar delegation was seen off at the airport by General Maung Aye, deputy chairman of the SLORC, deputy commander in chief of the Defense Services, and commander in chief of the Army; Lt. Gen. Tin U, SLORC secretary-2; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, members of the SLORC and

deputy prime ministers; members of the SLORC and the cabinet; senior military officials; Deputy Foreign Minister U Nyunt Swe; senior departmental officials; Mr. Valeriy Vartanovich Nazarov, dean of the diplomatic corps in Myanmar and Russian Ambassador, and ambassadors and charges d'affaires; UN resident representatives; and Uthai Sison, charge d'affaires of the Thai Embassy and embassy officials.

Sr. Gen. Than Shwe is accompanied by Lt. Gen. Khin Nyunt, SLORC secretary-1; Foreign Minister U Ohn Gyaw; Information Minister Maj. Gen. Aye Kyaw; Lt. Gen. Min Thein, minister for the Office of the SLORC Chairman; and responsible officials.

### **Brunei, Malaysia & Singapore**

#### **Malaysia**

#### **Detained Suspect 'Not the Man' Wanted by FBI**

*BK1512090295 Kuala Lumpur THE STAR in English 15 Dec 95*

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — The suspect detained by police here for alleged involvement in a plot to blow up 11 United States airliners in the Far East is not the man wanted by the Federal Bureau of Investigations (FBI).

Bukit Aman's [Police Headquarters in Kuala Lumpur] public relations chief Supt [Superintendent] Ghazali Mohamed Amin said yesterday the man detained by them was arrested under the Internal Security Act (ISA) on Tuesday.

He said that for the past week, there was no arrest of any Afghan national alleged to be a terrorist.

"The only arrest was that of a man believed to be from the Middle-East or parts north of India. Even then, we have yet to identify his nationality."

He said the suspect was detained here at about 9.30 pm by a police party from the City police headquarters after he was found to have in his possession several passports, embassy documents and rubber stamps purportedly belonging to immigration departments of various countries.

Supt Ghazali said they did not have any information if the suspect, who was still in police custody here, was involved in terrorism as reported in the newspapers.

He said the arrest mentioned in the newspapers yesterday referred to the suspect they had detained under the ISA and not Wali Khan Amin Shah, the terrorist wanted by the FBI.



**Editorial Warns ASEAN of Outsiders' 'Tricks'**

*BK1512102795 Kuala Lumpur BERITA HARIAN  
in Malay 15 Dec 95*

[Editorial: "ASEAN's Shield Averts Big Powers" —  
received via Internet]

[FBIS Translated Text] The ongoing Fifth ASEAN Summit in Bangkok, Thailand has shown a clear direction towards the future of this region. Unity in the regional organization is no longer required merely for the protection of ASEAN's interest, but the member countries have expanded the scope to include other factors to ensure that the region is not threatened by outside powers.

Following its success in expanding the organization within the context of politics and economy, surely ASEAN can see that regional peace and security that is closely linked to the ASEAN region may become a victim of outside powers' political greed. ASEAN leaders are aware that the organization's stability and the situation in nations around it can be easily deranged.

For example, interested parties can use the security issue to form a new trend to fulfill their latent interest. In fact, they can combine economic powers to jeopardize stability in the ASEAN region. This has been shown by numerous actions by the big powers that have tried to obstruct several plans, which the countries in the region intend to implement. By using their prevailing influence, they are able to persuade several other countries not to succumb to our ideas.

Suddenly their annoying voice has turned into a holy gospel. The countries in this region cannot do anything for fear of reaction against them. If they continue to feel that they are small countries, they will lack self-confidence. ASEAN should be willing to change this situation.

Prime Minister Datuk Sri Dr. Mahathir sees the Asia-Pacific as a region with potential to be structured by others outside the region to serve the interest of outside powers.

Lately, ASEAN countries have no longer been able afford to close their eyes and turn deaf ears to the development taking place in the Asia-Pacific region.

Whatever happens in a country or on an island within the Asia-Pacific region is ASEAN's problem. We can no longer look at it as a separate problem. Every incident that occurs in the region brings some sort of repercussion to ASEAN. This is because some countries in the Asia-Pacific region continue to regard the countries of the West as superior masters, and open allow them the chance to chart their strategies here. As

a matter of fact, one country of the West has tried to project a hegemonic power as if the strength of this region depends on its might.

Some countries in the Asia-Pacific are willing to allow their region to be the base for the West's undesired activities, and they have even given the West the chance to dictate their directions. The saddest thing is that the Asia-Pacific region has been turned into a nuclear testing ground, and not many countries are brave enough to speak up. As long as no big powers demonstrate against this, other countries will remain quiet even though they are the ones that suffer the ill-effect of the nuclear tests.

Based on this, every country in the Asia-Pacific should be aware that this region has become very fragile as a result of the big powers' political game. They have failed to learn from the colonists' attitude toward them. Today, we are still able say that ASEAN is the fort to protect against every attack.

However, we must also remember that ASEAN's strength can be affected by tricks brought about by the interested parties that wish to weaken it from in or outside the region.

That is why Dr. Mahathir wants ASEAN to take a stand in politics and on the economy, to determine its own destiny, and to prevent outside powers from dividing the countries of the Asia-Pacific region. We have to bear in mind that when the ASEAN grouping is expanded to 10 member countries externally it will appear to be a strong power. However it is not be impossible that other problems could emerge in the grouping. Outside powers are definitely waiting for this situation to occur because this is the time that they can pursue their interests to the maximum.

For this reason, we must remain strongly united to ensure that ASEAN becomes a credible force that others cannot untangle. We want all ASEAN member countries to progress together and be resilient. All this is important because it becomes the shield to avert any undesirable political attempt on us. It is not wrong for us to be suspicious of outside powers because we know that their actions are full of tricks.



## Cambodia

### Cabinet Adopts Budget, Enterprise Regulations

*BK1412030295 Phnom Penh National Radio of Cambodia Network in Cambodian  
1300 GMT 13 Dec 95*

[Press communique issued by the Office of the Royal Government spokesman in Phnom Penh on 13 December]

[FBIS Translated Text] A cabinet meeting was held under the chairmanship of Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, respectively first and second prime ministers of the Royal Government of Cambodia, at the Council of Ministers office at 0830 on the morning of 13 December. The meeting was to examine and adopt the draft law on the 1996 budget and the regulations regarding the general statute of public enterprises.

After a discussion and an exchange of ideas, the cabinet has decided in principle as follows:

The 1996 budget requires the RGC to try to restrict its expenses by focussing on the following four important points:

1. Making changes in public expenditure priorities;
2. Balancing the permanent expenses with locally acquired revenue for a period of two years, that is, in 1996 and 1997, with a view to successfully eliminating the permanent deficit of the national budget;
3. Striving further to deepen reforms regarding the taxation system so as to rationalize the structure of the taxation system; and;
4. Striving to cut down the number of public servants by 10 percent in 1996 and another 10 percent in 1997. This move can be regarded as the first step in the reform of the general administration of the Kingdom of Cambodia.

The new feature of the 1996 budget is a single budget, but it has two tiers with the RGC allowing provinces and cities to collect a number of revenues to cope with their expenses. If the provinces and cities cannot collect enough revenue, the [word indistinct] national budget will be provided as a supplement according to the concrete situation. In cases in which the revenues exceed their needs, the provinces and cities are required to pay the remainder into the national budget.

The cabinet also unanimously adopted the regulations regarding the general statute of public enterprises.

At the meeting, the RGC instructed the Finance and Economy Ministry to try locate additional sources of revenue but not to increase taxes. It also instructed other

ministries and institutions to restrict their expenses, especially, on electricity, fuel, and telephone usage.

The Council of Ministers, in a spirit of unity and with a deep sense of responsibility, closed the meeting at 1300.

Phnom Penh, 13 December 1995.

### Rangsi: Hun Sen's Remarks 'Irresponsible'

*BK1512025595 Hong Kong AFP in English  
0243 GMT 15 Dec 95*

[FBIS Transcribed Text] Phnom Penh, Dec 15 (AFP) — Cambodia's most prominent dissident lashed out Friday against second Prime Minister Hun Sen, calling his recent complaints about foreign interference in Cambodia "irresponsible" and "destructive."

Sam Rangsi, the leader of the banned opposition Khmer Nation Party (KNP), said Hun Sen's attacks on the United States and France for meddling in Cambodia's internal affairs "do not help inspire confidence in Cambodia's present political leadership."

In a statement from Washington, where he is now visiting, Sam Rangsi said Hun Sen's complaints were out of touch with international developments and "obsolete propaganda which touched on the ridiculous, but is very destructive." Last week, Hun Sen made several statements criticizing what he said was foreign interference in Cambodia and said there might be violent demonstrations outside the French and US embassies in Phnom Penh.

Security at those embassies was stepped up following the comments, but no demonstrations were held. A visiting senior US State Department official said Wednesday that Hun Sen had assured him he had not meant to threaten the embassies or the countries.

Nonetheless, Sam Rangsi, whose KNP headquarters has been ordered closed by the Ministry of Interior, said the statements were irresponsible.

"Appealing to the chauvinistic and xenophobic instinct of the people is a dangerous game which does nothing to resolve the real problems facing the country," Sam Rangsi said, listing corruption, drug trafficking, insecurity and human rights abuses as more important topics to attack.

He said France and the US, as signatories to the 1991 Paris Peace Accord, which ended more than 20 years of devastating civil war in Cambodia, had every right to voice their concerns about Cambodia's commitment to democracy.



And he said that suggesting the idea of Cambodia turning its back on the international community "testifies to a disturbing thoughtlessness and irresponsibility."

#### **Suspected Khmer Rouge Members Arrested**

*BK1512060795 Hong Kong AFP in English  
0553 GMT 15 Dec 95*

[FBIS Transcribed Text] Phnom Penh, Dec 15 (AFP) — Cambodian police have arrested six suspected Khmer Rouge terrorists who were allegedly planning to throw grenades at foreign embassies and political party offices, police and government officials said Friday.

Five grenades and a large number of leaflets attacking the government for the arrest of Prince Norodom Sirivut who was allegedly plotting to assassinate second Prime Minister Hun Sen, were confiscated from the suspects, they said.

The six, including a woman, were arrested Tuesday and Wednesday. They are believed to have arrived in Phnom Penh recently from Khmer Rouge divisions 505 and 918 based on the Thai-Cambodian border, according to a senior Interior Ministry official engaged in the prevention of terrorism.

"They would have committed sabotage and created political turmoil if they had succeeded in their operation," the official said, adding the suspects had been under surveillance since shortly after they arrived in Phnom Penh.

Police would not release the names of the suspects but said one of the men had apparently written several articles for an anti-government newspaper in the capital.

If found guilty, the suspects would be the first Khmer Rouge cadres to be convicted of terrorist activity in Phnom Penh.

Since early 1995, there has been speculation that the Maoist-inspired rebels, facing a severe depletion in their ranks due to high numbers of defections, would resort to urban terrorism but that has not yet occurred.

The six suspects are being held at the central police headquarters jail pending a court investigation.

#### **Reports on Movement of Pro-Khmer Rouge Parties**

*BK1512101495 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 15 Dec 95 pp 1, 2*

[Report by Rosa]

[FBIS Translated Text] While chatting with police officials of Kandal Province on the afternoon of 12 December, Em Sam-an, state secretary for the interior ministry, said that in addition to the illegal Khmer

Nation Party, three other illegal parties or movements have been formed.

He said that it is more correct to call these three newly-formed parties — resistance movements. They are:

The Free Vietnam movement led by overseas Vietnamese from the United States, Vietnamese nationals, and a number of Cambodians using Vietnamese names. This movement has two goals — one, to serve the movement of the Cambodian National Liberation Front of those who oppose the Vietnamese Government; and two, to serve the movement opposing the present Cambodian Government by mobilizing those who want to join the opposition movement. Over 80 percent of the problems of this Free Vietnam movement have been settled by the Interior Ministry's special police forces in cooperation with the Phnom Penh city authorities.

Another party is the People's Action Party. Em Sam-an said this party is comprised of half Cambodians and half Vietnamese and that president of this movement is Nguyen Van Thi [name as transliterated], but he did not say whether this is a man or a woman's name. The vice president is Tung Huu [name as transliterated]. This movement was formed after the Free Vietnam movement. Its aim is to launch activities in favor of the Free Vietnam movement, which has already been suppressed by the Cambodian authorities. It was reported that this movement has also been launched in Kandal Province, but the exact local is not known.

The last party is the Neutral Alliance Party, which has its birthplace and working site in Banteay Meanchey Province. Concerning this party, the state secretary explained that during the 1993 elections organized by UNTAC [UN Transitional Authority in Cambodia], a Neutralist Party was formed by Buo Herl, but said he does not know to whom does this party belong. However, this party has a 16-member committee and it has now entered the interior of the country, that is, it has 10 branches in cities and provinces, including Kandal.

Em Sam-an stressed that all these are not political parties because political parties cannot be armed. It would be more correct to call them 'resistance movements.' These parties are armed organizations. Thus, it is imperative to watch them closely, especially the People's Action Party and the Neutral Alliance Party because they might be launching activities in the interior of the country in the service of the Khmer Rouge along the border who are lacking military capability.

The state secretary said these elements are the trouble-makers, thus legal action must be taken against them when they are found.



He also stressed that overt and covert espionage activities are being launched in Phnom Penh. Some of these agents are infiltrating the state institutions both civilian and military while others are hiding in brothels, slums, and other places.

The state secretary also asked the police to keep a close watch on those places because they are too complicated to be controlled by the local authorities. According to information, these elements are given a monthly salary of \$200.

### Indonesia

#### **Suharto, Philippines' Ramos Talk in Bangkok**

*BK1512085595 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 15 Dec 95*

[FBIS Translated Excerpt] President Suharto met with Philippine President Fidel Ramos before attending the second day of the Fifth ASEAN Summit in Bangkok, Thailand this morning.

Here is RRI [Radio Republik Indonesia] correspondent Sukarno Marno reporting from Bangkok:

[Begin recording] [Sukarno] Before the start of the second day of the Fifth ASEAN Summit, Philippine President Ramos took the opportunity to visit President Suharto at the Shangri-la Hotel in Bangkok. During the meeting, the two leaders discussed a wide range of issues, including Indonesia's assistance to the Philippines in the Southern Philippines peace process. President Ramos thanked President Suharto for his assistance with the Moro issue. President Ramos said that the assistance the Philippines provided was based on Indonesia's experience in maintaining peace.

Following the meeting, Minister and State Secretary Mardiono told the journalists:

[Mardiono] [Words indistinct] ...President Ramos' plan to host the APEC [Asia-Pacific Economic Cooperation] leaders meeting in the Philippines to be next year.

[Sukarno] Responding to a journalist's question on a separate topic, Mardiono gave a detailed explanation on the transgressions by officials attached to the Communications Department. [passage omitted on Mardiono speaking about the investigation into the matter]

[Sukarno] Countrymen! The Fifth ASEAN Summit will come to an end this afternoon and it is hoped that a declaration — the Bangkok Declaration — will be adopted. It will be signed by the seven leaders of ASEAN member countries. [end recording]

#### **Alleged Mastermind of Embassy Intrusion Arrested**

*BK1512094895 Jakarta ANTARA in Indonesian 1640 GMT 14 Dec 95*

[FBIS Translated Excerpt] Surabaya, 14 Dec (ANTARA) — The East Java Bakorstanasda [Regional Agency for the Strengthening of National Stability] has arrested a 38-year-old man with the initials M.R.P. who is believed to have masterminded the intrusion into the Netherlands Embassy on 7 December. He was arrested along with 32 other demonstrators at the embassy.

"We arrested the man who masterminded the embassy intrusion on 4 December, even before he managed to leave for Jakarta. The 32 students were arrested when they returned to East Java. It turned out that six of them are not East Timorese," Major General Imam Utomo, commander of the Brawijaya Fifth Regional Military Command, said in Surabaya Thursday.

The commander, who is also chief of the East Java Bakorstanasda, said this after he attended a ceremony for 110 former servicemen at the regional command headquarters to mark the 50th anniversary of the regional command. "The arrested students are from Malang, Surabaya, Jember, and other towns and consist of 26 East Timorese and six non-East Timorese youths," he said. [passage omitted on background of embassy intrusion]

#### **Dailies Stress Significance of ASEAN Summit**

##### **'Historic' Summit**

*BK1412135895 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 14 Dec 95*

[From the press review]

[FBIS Translated Text] SUARA KARYA describes as historic the ASEAN summit meeting in Bangkok on 14-15 December because the 10 Southeast Asian countries will sit down together for the first time to discuss issues on the well-being of the Southeast Asian people. When the time comes for them to integrate their economies, these countries, namely the seven ASEAN countries as well as Laos, Cambodia, and Myanmar [Burma], which have a combined population of nearly 500 million, will certainly become a regional economic force to be reckoned with. During the summit, the ASEAN heads of government, foreign ministers, and economic ministers will sign several documents encompassing the economic, trade, industry, investment, social, political, intellectual property rights, education, and energy fields.

ANGKATAN BERSENJATA believes that the signing of the nuclear weapons-free zone treaty and the



Bangkok Declaration will be the most important events of the ASEAN summit.

#### **Suharto's Speech Hailed**

*BK1512065995 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 15 Dec 95*

[From the press review]

[FBIS Translated Text] BERITA YUDHA underlines two important points in President Suharto's speech at the opening of the ASEAN summit in Bangkok yesterday: first, the president's remarks on the need to realize an ASEAN that comprises all Southeast Asian countries; second, the president's call on nuclear states to immediately eliminate their nuclear arsenal as outlined by the comprehensive nuclear ban treaty. The president also called for an early completion and adoption of the nuclear-testing ban treaty.

With the expected entry of Laos, Cambodia, and Myanmar [Burma] into ASEAN, BERITA YUDHA hopes for closer cooperation among all Southeast Asian countries. This daily also describes President Suharto's call for the elimination of nuclear weapons as a strong statement because the United States and China are reportedly still unwilling to sign a treaty to eliminate nuclear weapons. Therefore, ASEAN must sign the treaty on the nuclear weapons-free zone in its current summit in Bangkok because as long as nuclear weapons still exist, true peace will not be achieved.

#### **Vietnam's Participation Noted**

*BK1512110495*

[FBIS Editorial Report] Two Jakarta Indonesian-language dailies — KOMPAS, dated 15 December, and SUARA PEMBARUAN, dated 14 December, carry 700-word editorials on pages 4 and 2 respectively on the ongoing Fifth ASEAN Summit in Bangkok.

In its 700-word editorial, KOMPAS notes that Vietnam's presence at the Fifth ASEAN Summit. Prime Minister Vo Van Kiet represented Vietnam at the Summit as Vietnam was recently accepted into the group as a full member in July of this year. The daily adds that for the first time, during the ongoing summit, ASEAN leaders will meet with the leaders of Myanmar [Burma], Laos and Cambodia, who are not yet ASEAN members.

KOMPAS notes the opening address by Thai Prime Minister Banhan Sinlapa-acha, speaking as the host, who stressed that "trade liberalization and services by ASEAN need to be hastened in a radical manner. ASEAN also needs to affiliate with other world leaders regarding the important stand to ban nuclear testing."

The daily also notes that apart from the issue of free trade, the proliferation of nuclear weapons issue was the at the top of the agenda during the current ASEAN Summit. The SEANFWZ [Southeast Asia Nuclear Weapons Free Zone] is expected to be signed by ASEAN leaders and their partners from Myanmar, Cambodia and Laos.

KOMPAS also notes Thai Prime Minister Banhan Sinlapa-acha's statement in which he considered "the signing of the SEANFWZ agreement to be timely given the fact that the international community is currently clamoring for the total elimination of nuclear tests and weapons."

KOMPAS discusses the statements by Philippines President Ramos and Malaysian Prime Minister Mahathir Mohamed who feel that all nuclear weapons and other weapons of mass destruction should be eliminated entirely as called for in the SEANFWZ Treaty.

The daily notes Singapore Prime Minister Goh Chok Tong's statement stressing the integration of trade in which he said: "ASEAN still lags behind other regions." It was also hoped that during the current ASEAN summit, the group would be able to sustain their means in attracting investors so ASEAN would not be left behind by other countries.

KOMPAS adds that to achieve this, ASEAN should widen its services sector and the current host should expeditiously conduct meetings on the related issue. It was considered that a period of one-and-half years would be adequate to open the sectors where ASEAN is already primed — namely in the sectors of tourism, banking, finance and telecommunications.

Finally, the daily concludes by expressing the hope that ASEAN can uphold its integrity as a political and economic strength that is capable of facing challenges as it has over the past 28 years.

Another Indonesian-language daily, SUARA PEMBARUAN, similarly notes that the ongoing Fifth ASEAN Summit was graced by Vietnamese Prime Minister Vo Van Kiet's attendance.

SUARA PEMBARUAN notes the two prior meetings conducted by ASEAN ministers and senior officials in an effort to pave a smoother way for the ASEAN leaders toward the signing of the "ASEAN Summit Bangkok Declaration" and the "Southeast Asian Nuclear Weapons Free Zone" at the end of the summit.

The daily says that "Indonesia, as a part of ASEAN, is proud that regional cooperation has enabled ASEAN to exist and develop towards its aspirations since its conception. In particular, Vietnam's full and official entry into ASEAN as the grouping's seventh member, is



clear evidence that ASEAN, as a regional organization, is fully capable of expanding its membership."

Meanwhile, the daily expresses its support for President Suharto's statement at the opening of the ASEAN summit in Bangkok. In his opening address, the president stated that "we all need to hasten the realization of ASEAN's aspirations toward the possibility of creating a greater cooperation among all other countries in Southeast Asia within the scope of mutuality, a stable environment and mutual prosperity under the ASEAN umbrella. To reach that objective, we should extend our support to Cambodia, Laos and Myanmar in an effort to assist them in integrating with ASEAN's activities and processes until such time when they are truly ready to become members of ASEAN within the next few years."

In addition to this, SUARA PEMBARUAN also notes the imminent signing of the SEANFWZ Treaty by ASEAN leaders at the end of the summit. The daily considers "the signing of the treaty as a progressive step forward in the political field because such a treaty would guarantee the existence of peace and stability in the Southeast Asian region."

SUARA PEMBARUAN says that as the two most important issues were successfully dealt with at the Fifth ASEAN Summit in Bangkok, it indicates that ASEAN, as a cooperative regional grouping in Southeast Asia, has successfully embedded a firm and stable political and economic foundation that will guarantee the existence of the ASEAN Free Trade Area, AFTA.

Finally, the daily concludes by saying that peace and security in the Southeast Asian region is essentially important toward bolstering mutual prosperity for the peoples of this region.

#### **Commentary Views Significance of ASEAN Summit**

*BK1512100495 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 15 Dec 95*

[Station commentary]

[FBIS Translated Text] Vietnamese Prime Minister Vo Van Kiet attended the ASEAN summit in Bangkok yesterday for the first time since his country joined the regional grouping some time ago. Vietnam's official entry into ASEAN shows that the regional grouping is capable of expanding its membership in Southeast Asia. ASEAN is now only waiting for the official entry of Laos, Cambodia, and Myanmar [Burma] to realize the ASEAN Ten community. These three countries hold observer status at the Fifth ASEAN Summit.

In his welcoming address yesterday, President Suharto underlined the need to accelerate the realization of the ASEAN objectives so as to forge cooperation

among all countries in this region and to create a stable situation and joint prosperity under the ASEAN umbrella. The head of state even stressed the importance of providing support and assistance to Laos, Cambodia, and Myanmar to enable them to take part in ASEAN activities and to join ASEAN in the near future.

If we look at the meetings of the ASEAN senior officials and ministers that preceded the summit meeting, we can see that they paved the way for the summit. At the end of this summit we will see the signing of the Bangkok Declaration and the Southeast Asia Nuclear Weapons-Free Zone treaty. The treaty is seen as a step forward in the political field because it will ensure peace and security in this region.

President Suharto also said in his speech that the treaty is an important vehicle to further boost peace and stability in Southeast Asia. ASEAN has agreed to accelerate the realization of AFTA [ASEAN Free Trade Area] by shortening the deadline from 15 years to 10 years and expanding its scope by including agricultural products.

ASEAN economic ministers have also agreed to increase the number of products whose tariffs will be slashed from anywhere between zero and 5 percent in 2000. This shows the efforts exerted by ASEAN, since its establishment 28 years ago, are beginning to bear fruit in its quest to realize peace, stability, and common prosperity for all people in this region.

### **Laos**

#### **Prime Minister Leaves for Bangkok Summit**

*BK1412143895 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 14 Dec 95*

[FBIS Translated Text] This morning, His Excellency [H.E.] Prime Minister Khamtai Siphandon left Vientiane for Bangkok, capital of Thailand, by a special plane of the Lao Airways. He is to attend a meeting to be held between ASEAN government heads and heads of government of Cambodia, Laos, and Myanmar [Burma]. The meeting will be the first among heads of government of the ten countries in Southeast Asia. As part of Southeast Asia, a member of the Bali Treaty, and an observer of ASEAN, the Lao People's Democratic Republic has attached great importance to this historic meeting.

A ceremony to send off H.E. Prime Minister Khamtai Siphandon was officially held at the Prime Minister's Office in Vientiane. Attending the ceremony were Khamphoui Keoboulapha, deputy prime minister and chairman of the Planning and Cooperation Committee, ministers and deputy ministers, Vientiane governor,



representatives of the Thai embassy to Laos, and a number of high-ranking cadres concerned.

#### **Assembly President Receives SRV Delegation**

*BK1512125295 Vientiane KPL in English  
0923 GMT 15 Dec 95*

[FBIS Transcribed Text] Vientiane, December 15 (KPL) — Mr. Saman Vi-gnaket, president of the National Assembly (N.A.), yesterday received at his office the visiting delegation of the economic and budgetary commission of the Vietnamese National Assembly, headed by Mr. Ly Tai Luan, member of the N.A. Standing Committee and chairman of the commission.

During their talks, Mr. Ly Tai Luan, on behalf of the delegation, informed Mr. Saman Vi-gnaket of the outcome of their seven-day working visit to Laos, particularly the meeting with their Lao counterparts on the supervision and management of the economic plans and state budget.

On this occasion, Mr. Saman Vi-gnaket said he highly valued the visit to Laos by the delegation which, he added, contributed to strengthening the friendly relations, special solidarity and all-round cooperation between the two countries, particularly the cooperation and exchange of experience between the two assemblies.

During their visit to Laos, the delegation called on Vice Premier Khamphoui Keoboulapha, who is also president of the Committee for Planning and Cooperation, the minister of finance, the minister of agriculture and forestry, the minister of industry and handicraft, and the deputy minister of communication, transport, post and construction. They also visited cultural and tourist sites in Vientiane and Luang Prabang.

The delegation left here for home yesterday.

#### **German Government Approves Aid for 1995-96**

*BK1512145395 Vientiane KPL in English  
1002 GMT 15 Dec 95*

[FBIS Transcribed Text] Vientiane, December 15 (KPL) — The German Government has approved 25.5 million deutsche mark's [DM] worth of grant and assistance to Laos for 1995-96 to be used in various German-aided projects, according to the agreement reached here on December 13 between German and Lao technicians.

Of the amount, DM 10 million will be financial assistance for two projects: Phase 3 of the rural telephone network and educational materials for non-formal education. DM 12.5 million will be technical assistance for four projects: DM 2.5 million for the national school of administration and management for macro-economic management, DM 2.5 million for Dong Dok forestry

college for school renovation and for forest park plantation in Sangthong District of Vientiane Prefecture, with a new road to the park, DM 2.9 million for Phase 1 of small and medium-scale business consultation, and DM 4 million for the reservation of Nam Ngum watershed in Pek and Phoukout Districts, Xieng Khouang Province.

Apart from this assistance, they also gave emergency aid of 5,000 tons of rice valued at DM 3 million for establishing rice banks and labour-for-rice projects.

The signing ceremony was held between Mr. Thongphachan Sonsasin, director of the Cooperation and Foreign Relations Department of the Committee for Planning and Cooperation, and Mr. Martin Greiff, director of the South and East Asia Department of the German Ministry of Economic Cooperation and Development, in the presence of the two sides' high-ranking concerned officials.

#### **60 More Refugees Voluntarily Return From China**

*BK1512135295 Vientiane Vitthayou Hengsat Radio  
Network in Lao 1200 GMT 11 Dec 95*

[FBIS Translated Text] Seventeen more families comprised of 60 Lao refugees have voluntarily returned to their hometown. Of these, 15 families are natives of Luang Namtha Province, one is a native of Savannakhet Province, and another is a native of Vientiane Province. The hand-over ceremony was held at the border checkpoint of Boten district, Luang Namtha Province, on 6 December 1995. Chairing the ceremony for the Lao side was (Nouki Vasaihou), deputy chief of the Labor and Social Welfare Service of Luang Namtha Province, and chairing for the Chinese side was (Mai-an), representative of the Meuang Nang community of the PRC. The ceremony was held in the presence of representatives of the United Nations Office of High Commission for Refugees to Laos, representatives of China, and a number of concerned cadres.

This was the fourteenth group of Lao refugees who have been repatriated to their home country. The total number of Lao refugees who have voluntarily returned home is now 621 families with 2,798 members. All refugees of this fourteenth group have now returned to their native villages.



## Philippines

### Official: MILF Suffers Financial Constraints

BK1412082995 Manila THE MANILA CHRONICLE  
in English 9 Dec 95 p 7

[Report by Edith Alejandro; passages within slantlines in Tagalog]

[FBIS Transcribed Text] The Moro Islamic Liberation Front (MILF) is suffering from financial constraints and could no longer recruit more followers or buy weapons, a high ranking military officer said yesterday.

In an interview, Philippines Army chief, Lt. Gen. Orlando Soriano, claimed the MILF is now having difficulty recruiting new members and could no longer buy armaments and sophisticated weapons.

Reacting to claims made by MILF that it was now 120,000 strong and continuing to build up troops and arms, Soriano said, /"They do not have any more money. Even/ donations and support, /no one gives anymore."/

Still, the military considers the MILF a threat to peace and stability in Mindanao.

Armed Forces of the Philippines (AFP) vice chief of staff, Gen. Alfredo Filler, said, "The MILF is still considered a threat to the stability in the Mindanao area."

But Filler said that the military had the insurgency contained in the South.

Earlier, the MILF leadership claimed it had a force of 120,000 deployed in various areas in Mindanao to counter the deployment of 40 battalions of government troops.

MILF vice chairman for political affairs Gaisali Jaafar said the MILF is continuously recruiting members and procuring high powered firearms abroad.

Jaafar also claimed that some military men are still selling firearms to the Muslim rebels.

Filler, however, disputed the reports saying a continuing inventory of firearms show that the military has stopped pilferage of firearms and ammunition.

### Development Authority Approves Projects

BK1512065895 Manila PHILIPPINE DAILY  
INQUIRER in English 13 Dec 95 p B1

[Report by Rita Villadiego]

[FBIS Transcribed Text] The National Economic and Development Authority (NEDA) board approved yesterday P [pesos] 38 billion worth of development projects.

Finance Secretary Roberto de Ocampo presented the projects to the board, which met in Malacanang [presidential palace], following the recommendations of the inter-agency Investment Coordination Council (ICC).

The nine projects cover various areas with transportation, trade and industry, and water subsectors accounting for the bulk of the project costs. Other areas include the education and energy, power and electrification subsectors.

A P26.4-billion railway line 2 construction project makes up one of two transportation projects. De Ocampo explained that the project, which will be implemented by the Light Rail Transit Authority, is in line with the government's strategy to expand the existing mass transit system to provide a more affordable means of public transportation.

The second transportation project involves the extension of the South Luzon Expressway under a build-operate-transfer contract. The P2.4-billion project seeks to facilitate the movement of goods and services between the Batangas port and Metro Manila through the construction of a 19.7-kilometer, two-lane expressway from Lipa City to Batangas City.

Under the trade and industry subsector, two projects for the creation of a rural credit program costing P2.7 billion and an environmental improvement project costing P1.7 billion also got NEDA board approval.

The NEDA also approved a P1.8-billion project to provide sufficient and safe water supply and sanitation services to selected low-income rural communities.

Another project under the water resources subsector is the P602- million expansion and rehabilitation project for the existing Baguio water system.

## Thailand

### Agenda Set for Aviation Talks With U.S.

BK1512071195 Bangkok THE NATION in English  
15 Dec 95 p B1, B2

[Report by Utsani Mongkhonphon]

[FBIS Transcribed Text] The Thai delegation to aviation talks will start meeting with U.S. counterparts in Washington DC from 18-20 this month and expects a three-year pact will eventually be signed, said a Thai official.

The negotiating team from each side will be led by senior officials who met previously in informal talks.

Led by Sisuk Chantharangsue, director general of the Aviation Department, the Thai delegation expects key



issues — particularly the fifth freedom rights — will be resolved, the official at Transport and Communications Ministry said.

Fifth freedom rights, for example, allow U.S. airlines to pick up passengers from a third country such as Japan, Seoul or Taiwan, while on the way to Thailand. Consequently, Thailand's and other Asian airlines are losing sales in their own lucrative regional market.

After the informal meetings at Hua Hin and Washington this year, the U.S. negotiation team, led by Joel Stiro, secretary general for negotiation of the U.S. transport department, agreed on some principles with the Thai side.

The Ministry source said both sides are likely to reach an agreement to limit the loading points for passengers using the fifth freedom.

"Instead of allowing U.S. airlines to pick up passengers from anywhere before going to Bangkok, they will be restricted to some specific points," said the source.

The previous Thai-U.S. pact, scrapped years ago, did not control the points, but focused on flight frequency and the number of seats on U.S. airlines using the fifth freedom, said the source.

Among other issues, the two sides will discuss code-sharing cooperation between airlines of the two countries.

Cost-sharing will ease the load of one airline's passengers onto another agreed airline. This is to create a stronger marketing network and also cut costs. Thai Airways International has already formed such cooperation with Germany's Lufthansa and hopes to strike a deal with United Airlines.

The next round of aviation talks will also include negotiations on taxation. The U.S. wants exemptions in many categories such as imported printed advertising to promote its airlines, imported engines in cases of repairs having to be done in Thailand, and VAT on ticketing.

After preliminary discussions with Finance Ministry, the Aviation Department found the Ministry agreed with some items on the grounds that Thailand should create a reciprocal relationship with the U.S. for mutual benefit.

"The Finance Ministry basically agrees only with an exemption on imported engines," said the source.

If negotiations on these tax issues do not conclude, it will delay the signing of a new aviation pact, said the source, adding it is expected the new pact will be for a three-year term with options to renegotiate at any time.

"They might have to continue talks in Bangkok on the tax issues," said the source.

### **Banhan Meets With Vietnam's Vo Van Kiet**

*BK1412083495 Bangkok THE NATION in English  
14 Dec 95 p A1, A2*

[Report by Rita Patiyasewi and Surachai Chuphaka]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha yesterday urged Vietnam to carry on the ASEAN vision of One Southeast Asia by inviting Laos, Cambodia and Burma to attend the next ASEAN summit, to be held in Hanoi in 1998, a senior Thai official said.

Banhan made the point during a 15-minute talk with Vietnamese Premier Vo Van Kiet which focused on fishing problems, maritime boundary issues and Vietnamese refugees living in Thailand.

Sarot Chawanawirat, the deputy permanent secretary of the Foreign Ministry, said after the meeting that the Vietnamese premier repeated his request for Thailand to allow Vietnamese refugees from the Dien Bien Phu period to visit their birthplace for humanitarian reasons.

Sarot said the Thai officials concerned with the matter have agreed that 96 of the refugees will be allowed to return home in the initial stage.

He added that both sides expressed hope that they will be able to conclude a settlement during the sixth round of bilateral talks on the territorial dispute concerning overlapping sea zones in the Gulf of Thailand. The talks started on Tuesday in Hanoi.

Sarot said Thailand also asked Vietnam to release 65 fishermen being held in Minh Hai prison and return nine seized fishing trawlers before June when Thailand celebrates the 50th anniversary of His Majesty the King's accession to the throne. The fishing crews were arrested several months ago.

As a goodwill gesture, Thailand already released seven of 15 Vietnamese fishermen arrested earlier and is preparing to release the remainder soon, the added.

Both sides yesterday signed two important agreements — one on the establishment of a working group to assist Vietnam's integration into ASEAN, and the other on the government's extension of credit worth about Bt100 million to Hanoi.

Thailand and Vietnam have agreed to set up a joint sub-committee on finance to help Hanoi upgrade its finance and economic system to meet ASEAN standards at the earliest. The sub-committee will also promote Thailand's intention to become a regional financial centre.



Vietnam Finance Minister Ho Te said at a press conference yesterday that, "The committee will enable Vietnam to learn from Thailand's experience in developing its financial and economic system."

He elaborated that what Vietnam expected most from the agreement was, firstly, knowledge about capital market development and, secondly, the development of its commercial banking system. Vietnam also wants to learn how to develop its customs system, he said.

At present, ASEAN Economic Ministers have a working group to help develop the economies of Indochinese countries and Burma with cooperation from Japan's Ministry of International Trade and Industry (MITI).

Chaired by Deputy Prime Minister Amnuai Wirawan, the ASEAN economic ministers' committee will help the emerging economies improve their human resources.

The committee will also help Vietnam improve its mining technology and assist its efforts to privatize the industry. Amnuai said Malaysia and Singapore had expressed a special interest in helping Indochinese countries succeed in their privatization programmes.

Thai Finance Minister Surakiat Sathianthai, who represented Thailand at yesterday's meetings, granted the [Thai baht] Bt100 million loan to help Vietnam improve its basic infrastructure. The loan is part of Thailand's commitment to grant Bt150 million in loans to help Vietnam for infrastructure development.

The loan will carry a repayment period of 20 years, 10 years of which is a grace period. Interest is only 3 per cent annually.

Ho Te said he appreciated the Thai government's decision to grant the low-interest loan to Vietnam. "If Vietnam was to borrow from a private institution, we would have to shoulder the burden of high interest rates," he said.

#### **Cooperation Pacts With Vietnam Signed**

*BK1412065895 Bangkok BANGKOK POST  
in English 14 Dec 95 p 7*

[Report by Atchara Atchayakachat and Somphon Thaphanachai]

[FBIS Transcribed Text] Thailand and Vietnam yesterday signed two cooperation pacts, one to help reform Vietnam's financial sector, and the other to provide Hanoi with a 100-million-baht loan for infrastructure projects.

Finance Minister Surakiat Sathianthai and Vietnamese counterpart Ho Te established the Joint Sub-Committee

on Finance which will coordinate cooperation between the two countries' finance ministries.

It will also work with ASEAN. The sub-committee will find ways to train Hanoi's finance officials, standardise Vietnam's tax system, and seek outside finance for infrastructure work.

The 100 million baht will enable Vietnam to buy road building equipment from Thai company Pacific Manson. Another 50 million baht credit will be provided if Vietnam buys more equipment from Thai firms.

The Thai government is eager to gain recognition for its newly established fund for the development of neighbouring countries — the Indochina Fund — and to play a role in their reforms.

But it has failed to secure enough funds and to convince its neighbours of the benefits.

Funds could be raised through the Bank of Thailand, the Exim Bank of Thailand, and other banks to add to lending from external sources, Mr Surakiat said.

Japan and the Asian Development Bank are also major sources of funds.

#### **Meeting With Leaders of Cambodia, Burma, Laos**

*BK1512142795 Bangkok Radio Thailand Network  
in Thai 0530 GMT 15 Dec 95*

[FBIS Translated Text] This morning, at the Oriental Hotel, Prime Minister Banhan Sinlapa-acha held talks with the leaders of Cambodia, Burma, and Laos. The foreign leaders are here attending the ASEAN summit meeting as observers. Following is a report by the Public Relations Department's correspondent:

[Begin recording] Prime Minister Banhan Sinlapa-acha held discussions with Prince Ranariddh and Samdech Hun Sen, first and second prime ministers of Cambodia. Reporting on the discussions, Sarot Chawanawirat, deputy permanent secretary of the Foreign Ministry, said the two Cambodian prime ministers shared the view that the current ASEAN summit holds significant meaning for the region as it marks the first step in a joint effort towards creating a durable peace and prosperity for the region. There were new ideas expressed at the current session concerning the format of future cooperation by countries in the region, stressing a new direction in regional cooperation, which should not be limited to only cooperation between countries that share borders. The cooperation in the framework of the Mekong Basin development structure should start with construction of roads among concerned countries, as well as other aspects of future cooperation.



As for bilateral relations, Cambodia thanked Thailand for the assistance it has given to Cambodia all these times. Cambodia believes it will be able to join ASEAN, thereby, it believes, enabling it to contribute to a faster economic development of the country as well as positively contributing to stability in the region. Prince Norodom Ranariddh expressed the hope that Thailand would continue with its assistance in human resources. Prime Minister Banhan reaffirmed Thailand's readiness to assist Cambodia in all areas.

Concerning talks between Prime Minister Banhan Sinlapa-acha and Senior General Tan Shwe, chairman of the State Law and Order Restoration Committee, prime minister and defense minister of Burma, the deputy permanent secretary of the Foreign Ministry reported that both sides exchanged views on the fishing question. They agreed to look for guidelines in order to establish solutions to the problems, which are acceptable to both parties. As for the border trade problems, the two countries will exchange views in order to establish clear-cut regulations to be followed by each party. The Burmese prime minister invited the Thai prime minister to visit Burma. Prime Minister Banhan said he would visit Burma around January of next year if there is a favorable opportunity for him. [End recording]

#### **ASEAN Summit Seen as 'Great Opportunity'**

*BK1412094795 Bangkok BUSINESS DAY in English  
14 Dec 95 p 4*

[Editorial: "ASEAN Leaders Should Strive for Bold New Measures"]

[FBIS Transcribed Text] As Thailand plays host to the Summit Meeting of the Association of Southeast Asian Nations (ASEAN) beginning today, the citizens of all the seven member nations can take pride in the fact that they have in the ASEAN a dynamic and vital organization.

ASEAN's strength has been its flexibility and adaptability to fast changing conditions in our region as well as throughout the world. While the organization first started as primarily a political mechanism for fostering regional security, the challenges of economic growth and development have since overshadowed political concerns. Thus, the formation of the ASEAN Free Trade Area (AFTA) is a direct reflection of ASEAN's ability to be at the leading edge of change.

There are numerous political and economic regional groupings in the world, and ASEAN and AFTA compare most favorably with the best of them. In fact, for economic vitality, the economies of ASEAN have no equal in the world, and when taken together as a group,

trading among ASEAN nations is growing at a faster rate than among nations within other groupings.

The North America Free Trade Area (NAFTA) may have gotten an earlier start on the implementation of free trade, but fundamental flaws in NAFTA's competitive structure have resulted in devastating blows to the Mexican economy. By contrast, AFTA groups economies among which synergy can be effected in such a manner as to benefit all the members. The European Union (EU) may have gone further along on the road of economic co-operation and even political integration, but the with the possible exception of Germany the economies of the EU are not on an impressive growth path.

The ASEAN leaders have a great opportunity to add new momentum and direction to ASEAN and AFTA. The timing of the implementation of free trade under AFTA has been a subject of debate for some time now, and an accelerated schedule to meet the free trade target before 2003 would be a convincing show of resolve and commitment. Another important issue to address revolves around the inclusion of products on the sensitive list. Here, too, commitment and resolve are essential. The leaders should show their support for the cause of free trade by making sure that items on the sensitive list are there for essential and justifiable reasons. In addition, the leaders should refrain from using measures which play for time and postpone decisions to a time when they become even more difficult to address. Thus the agreement among the finance and foreign ministers last week to create a special category to laterally transfer products from the sensitive list may be justifiable to some degree, but there should be no wholesale inclusion of products into categories which are in effect tools for continuing anti-free trade protective tariffs. Free trade is not "free," but in the end the benefits of free trade far outweigh the costs.

#### **Premier, Mahathir Discuss Fishing Dispute**

*BK1412094995 Bangkok Radio Thailand Network  
in Thai 0530 GMT 14 Dec 95*

[FBIS Translated Text] This morning, Prime Minister Banhan Sinlapa-acha, together with Deputy Prime Minister Amnuai Wirawan, Foreign Minister M.R. [Mom Ratchawong — royal title] Kasemsamoson Kasemsi, and Agricultural and Cooperatives Minister Montri Phongphanit, had a meeting with Malaysian Prime Minister Datuk Sri Mahathir Bin Mohamed, Foreign Minister Abdullah Badawi, and Industry and Trade Minister Rafidah Aziz.



Reporting on the meeting, particularly on the fishing issue, Sarot Chawanawirat, the Foreign Ministry deputy permanent secretary, said both sides agreed that mechanisms must be created to solve the problem in the long term by appointing one or two committees to oversee the fishing and legal issues within the framework of the existing Thai-Malaysian Joint Commission. The next meeting of the commission will be held in Bangkok after the meeting of the Asian and European leaders in March.

According to Sarot, the prime minister asked his Malaysian counterpart whether it is possible to release the three Thai fishing crewmen and their boat. The Malaysian prime minister said he strongly regretted the incident and agreed to consider the request. He noted, however, that Malaysian law must also be taken into account. He pledged to provide an answer by 28 December.

#### **Editorial Views Burma's Joining ASEAN**

*BK1512051095 Bangkok THE NATION in English  
15 Dec 95 p A4*

[Editorial: "Burma Must Toe the Line If It Wants To Be a Part of ASEAN"]

[FBIS Transcribed Text] The Association of Southeast Asian Nations (ASEAN), and Thailand in particular, have gone to a lot of trouble trying to pave the way for Burma's participation in the first ever meeting today of the leaders from 10 countries in the region. While Burma's eventual inclusion in ASEAN is inevitable, there are some messages that ASEAN must clearly convey first.

ASEAN wants Burma to join the regional grouping by the year 2000. Although the dream of a "One Southeast Asia", with ASEAN as its core, is highly noble and speaks of pragmatism, it will not materialize right away. Why? Because ASEAN is a club governed by rules and regulations that have to be followed. More importantly, the members of ASEAN must adhere to certain principles, and there must be no exemptions.

One of the basic rules is stipulated already in the United Nations Charter and in the Universal Declaration of Human Rights, which all UN member states, including ASEAN countries and Burma, have an obligation to promote and adhere to. And last week, for the fifth consecutive year, the UN Third Committee on Social, Humanitarian and Cultural Affairs adopted by consensus a resolution deploring human rights abuses in Burma.

#### **Horrible practice [subhead]**

The committee's statement, which will now be forwarded to the General Assembly for final adoption,

confirms that human rights abuses have continued in Burma. But this horrible practice has been denied repeatedly by the ruling junta, the State Law and Order Restoration Council (SLORC).

The resolution "deplores the continued violations of human rights in Myanmar (Burma)" and "strongly urges the government of Myanmar to ensure full respect for human rights and fundamental freedoms, including freedom of expression and assembly, and the protection of the rights of persons belonging to ethnic and religious minorities, and to put an end to violations of the right of life and integrity of the human being, to the practices of torture, abuse of women, forced labour and forced relocation, and to enforced disappearances and summary executions".

The resolution is an uncontested testimony which no UN member, Burma included, can deny. And while the Burmese ambassador to the UN, U Win Mra, strongly protested the language of the resolution, he did not vote against it.

While the resolution welcomes the release of Burma's pro-democracy leader, Aung San Suu Kyi, who spent nearly six years under house arrest, it noted that SLORC, whose top leader Gen. Than Shwe is now in Bangkok, has not yet engaged "in a substantive political dialogue" with Suu Kyi and other political leaders, including representatives of ethnic groups.

It urged SLORC leaders to do so "at the earliest possible date" as dialogue is "the best means of promoting national reconciliation and the full and early restoration of democracy".

It also expressed grave concern that the SLORC "still has not implemented its commitment to take all the necessary steps towards democracy in light of the results of the elections held in 1990".

#### **National reconciliation [subhead]**

The UN measures marked for the first time a strong recommendation of a tripartite dialogue, which has been called for by the Burmese opposition and ethnic groups, was firmly stated and approved by the global community as the best means of promoting national reconciliation in Burma.

The third committee's resolution is expected to be approved shortly by the General Assembly in its entirety and without any change in wording.

ASEAN countries, which are also members of the UN, have implicitly endorsed the committee's resolution, although as a grouping ASEAN has been reluctant to stress the same message to Burma on the grounds that



such an issue is a political matter and that it has no policy of getting involved in the internal problems of another country.

ASEAN's involvement has come instead in a modified form as exemplified by its adherence to the so-called policy of "constructive engagement", a process that the grouping argued would help bring Burma into the international community and subsequently lead to political reform. ASEAN should use the summit today as an opportunity to also call for national reconciliation in Burma — an essential issue if Burma is to coexist in ASEAN and play a constructive role.

Burma must show the world that it, first of all, respects basic human rights and democracy. It must indicate its commitment to stick to its promises both as a civilized country and as an ASEAN member, assuming it is admitted in the grouping by the turn of the century. But based on Burma's history, there is no assurance.

This is underlined by the fact that SLORC continues to stay in power illegally, despite the landslide victory in the May 1990 elections of Suu Kyi's political party, the National League for Democracy.

Another important principle that has been violated is the non-observance by the Burmese army of ceasefire agreements signed by Rangoon with more than a dozen of ethnic groups.

It is important that ASEAN must not serve as a vehicle for a free ride, as far as Burma is concerned, particularly when the regional grouping embarks on a process of building up an identity among its people. A civilized society must observe basic human rights principles. As such, the pressure on ASEAN to see to it that this is understood is even greater.

Burma's acceptance into ASEAN must be guided by the aforementioned parameters. The ball is now in Rangoon's court and the stakes for ASEAN are high. If ASEAN, for instance, wants Southeast Asia to be a nuclear weapons-free zone, it must demonstrate its capacity to adhere to its principles. In other words, it must begin in its own backyard by practicing what it preaches.

#### **Draft Trade Pact With Burma Approved**

*BK1412101095 Bangkok BANGKOK POST  
in English 14 Dec 95 p 2*

[Unattributed report]

[FBIS Transcribed Text] The Cabinet on Tuesday approved the draft of the border trade agreement between Thailand and Burma, ahead of the Burmese leader's arrival to attend the two-day ASEAN summit meeting.

The draft agreement represents the first concrete step in the efforts to improve frosty Thai-Burmese relations which slipped late last year.

The three-page draft agreement, proposed by Burma late October, designates three checkpoints where border trade can be conducted: Burma's Tachilek opposite Chiang Rai's Mae Sai in the north, Myawady across from Tak's Mae Sot, and Kawthaung-Ranong in the south.

The draft opens the possibility for more trade posts to be authorised in the future.

The agreement is good for two years when it comes into effect, and will be automatically extended for another two years at a time unless either side wishes to terminate it.

The Cabinet authorised the Foreign Minister to sign the agreement on behalf of the Thai Government.

In its report attached to the draft the Foreign Ministry said the agreement — the first of its kind the Kingdom will ever have with a neighbour — will help boost trade and contact between the peoples of the two countries.

Once the agreement takes effect it is likely to put an end to the free-wheeling trade activities previously conducted by locals.

Even though Thailand decided to conform to Burma's proposal to use its (Rangoon) version of the agreement which Bangkok regarded as "containing a few loopholes," the agreement will regulate trade, while offering assurance that Burma will open more border checkpoints in the future.

Thailand has lost trade estimated at one billion baht since the Burmese Government closed three checkpoints earlier this year, allegedly due to Thailand's support for ethnic rebels — the Karen and the Shan.

"Once the agreement is signed by the two sides, Burma will open at least one of the three check points," the Foreign Ministry said in its report quoting Burmese Trade Department's Director General Kyaw Myint.

The agreement sets regulations on the trade of certain sensitive commodities that include teak, rice gems, and livestock except cattle and buffalo.

These products are banned from cross-border trade, but the Burmese Government allows for officially-sanctioned exchanges through its state enterprises. Having gone through the process such as opening letters of credit these goods can then be transported through these checkpoints.



Both sides are still to work out the practical details to implement the agreements, such as customs and immigration measures.

The Burmese side informed the Thais that they need six months to prepare the administrative measures governing border trade, citing the one-year period it took to implement a similar agreement with India, while it is still working on border trade details with China.

It is not known when Thailand and Burma would sign the agreement. One possible occasion for the pact to be signed is during the annual meeting of the joint commission chaired by the two foreign ministers. It is Burma's turn this year to host the meeting, but no date has been fixed for the meeting which is supposed to be place at the end of the year.

"The signing of this agreement depends on many factors," a Foreign Ministry official said without elaborating.

Prime Minister Banhan Sinlapa-acha is expected to inform his counterpart Gen Than Shwe during their bilateral meeting tomorrow morning about Thailand's good faith in conducting border trade.

The two are expected to talk about Banhan's plan to visit Burma after the ASEAN summit. But several problems still have to be solved before the Thai Premier's trip can materialise, Thai officials said.

Gen Than Shwe is scheduled to call on Defence Minister Chawalit Yongchaiyut at the Defence Ministry early this afternoon. The Burmese leader will be accompanied by Lt Gen Khin Nyunt, first secretary-general of the ruling State Law and Order Restoration Council, and chief of military intelligence.

Burma demands Thailand restore the waterways between the land on the Thai side and a small islet in the Moei River which was encroached a few years ago. The encroachment led Burma to suspend construction of the Thai-Burmese Friendship Bridge over the Moei River in June.

Although Thailand agreed to the Burmese demand during Foreign Minister Kasemsamoson Kasemsi's visit to Rangoon last month, the Thai side is still studying how to do this.

Both sides also failed to find comprehensive solutions to the Moei river's demarcation.

But speaking to reporters last night, Foreign Minister Kasemsamoson quoted Prime Minister Banhan as assuring him that problems at the Moei River as well as at border checkpoints at Mae Sai and Ranong would be solved.

The Burmese Government also demands compensation from Thailand to families of Burmese nationals who died or were "injured during the brutal murder of at least two Burmese fishermen on board two Thai vessels in August.

The Burmese Fisheries Department wants US\$ one million for each victim from Narong Canning Co., the owner of the Thai fishing boats, which agreed to the amount of 200,000 baht each.

#### **Military Denies Bid To Discredit Banhan Aide**

*BK1512050795 Bangkok BANGKOK POST  
in English 15 Dec 95 p 3*

[Unattributed report]

[FBIS Transcribed Text] Supreme Commander Gen [General] Wirot Saengsanit yesterday met Prime Minister Banhan Sinlapa-acha to try and convince him the military was not behind an alleged move to discredit one of his close aides and the Finance Minister.

The meeting was organised amid rumours that a Supreme Command intelligence officer had handed out documents undermining the two men's positions. The two are Finance Minister Surakiat Sathianthai, chief adviser to the Premier, and Wirasak Khosurat who is now the Premier's deputy secretary-general.

"The Supreme Commander is aware of the rumour that intelligence officers of the Supreme Command are responsible for what appears to be an attempt to discredit the Premier and the people close to him.

"He has already met the Premier and told him the military is not involved," said a military source.

There were rumours that Lt [Lieutenant]-Gen Thammarat Itsarangkun na Ayutthaya, commander of the Armed Forces Security Centre, was responsible for distributing documents alleging Mr Surakiat and Mr Wirasak received brokerage fees from foreign companies while working in an advisory team during the Chatchai Chunhawan administration.

Both dismissed the allegations. Mr Wirasak filed a libel suit against the SIAM POST which published stories and documents about him for over a week.

A political source said Defence Minister Chawalit Yongchaiyut was also aware the rumour aimed to cause rifts between key coalition partners.

"He does not worry about it and is confident it will not have any impact, and cannot cause any misunderstanding among coalition members," said the source.

It is widely known Lt-Gen Thammarat has had close ties with Gen Chawalit for decades.



During the last military reshuffle, Gen Chawalit personally picked the officer to become the commander of the Armed Forces Security Centre.

While Gen Chawalit was army commander, he appointed Lt-Gen Thammarat to become commander of the Army Military Intelligence.

The source said Gen Chawalit told Lt-Gen Thammarat yesterday not to worry about the rumour as the Defence Minister believed it would not escalate further.

Lt-Gen Thammarat said the rumour was politically motivated and aimed to create suspicion among key coalition members.

"A rumour is a rumour," said Lt-Gen Thammarat who also has close ties with several key Chat Thai members including Deputy Prime Minister ACM [Air Chief Marshal] Sombun Rahong.

Lt-Gen Thammarat also denied his unit had copies of the documents.

The Armed Forces Security Centre commander said since he took command of the unit he made it clear to his subordinates the unit would not get involved in politics and would concentrate only on national security.

"My unit would not serve the interest of any party but national security," said Lt-Gen Thammarat.

#### **Officer Cites Defense Minister on Submarine Deal**

*BK1412133795 Bangkok BANGKOK POST  
in English 14 Dec 95 p 3*

[Unattributed report]

[FBIS Transcribed Excerpt] The Royal Thai Navy should procure submarines from a company not plagued by problems otherwise it may be viewed as having been involved in the alleged Kockums bribery scandal, a high-ranking naval officer quoted the Defence Minister as saying yesterday.

The source quoted Gen Chawalit Yongchaiyut as telling RTN [Royal Thai Navy] Chief Admiral Prachet Siridet that it would be better for Thailand to do business with a company "without problems."

"I am not giving any guidelines on the procurement. But my suggestion is that we should not do anything which could cause more problems since it has not yet been proven if anyone had taken bribes as alleged," the source quoted Gen Chawalit as saying.

The allegation that the Swedish shipbuilder, Kockums, paid political donations to senior Chat Thai Party members before the election to improve its chance of winning the submarine contract was made in a foreign

newspaper last month by Henrik Westander, an arms researcher of the Swedish Peace and Arbitration Society.

The alleged scandal has threatened to torpedo Kockums' bid for the 17-billion baht submarine contract. The procurement contract was reportedly a two-horse race between the German Submarine Consortium with its Type 209 and the Gotland made by Kockums.

Gen Chawalit earlier said Kockums would be excluded from the bidding competition to supply submarines.

The source said Gen Chawalit, before leaving for England for an official visit as guest of the British Navy, had not ordered Adm Prajet to exclude Kockums from the competition.

However, he did suggest that the RTN buy the submarines from a company "without problems" to avoid being implicated in the bribery scandal.

Gen Chawalit said if the RTN was to buy Swedish submarines it should be prepared to explain the matter to the public.

The source said Adm Prajet however, had not ordered a RTN committee for selecting the submarines to exclude Kockums but would leave it to the committee to decide. [passage omitted]

#### **Military Rejects Proposal on Forces Reshuffle**

*BK1512041195 Bangkok BANGKOK POST  
in English 15 Dec 95 p 1*

[Unattributed report]

[FBIS Transcribed Text] The military has rejected Defence Minister Chawalit Yongchaiyut's proposal for a committee to consider reshuffles in the three Armed Forces instead of leaving it solely in the hands of the commanders-in-chief.

The military insists the annual reshuffle should be left to the individual commanders to consider.

Gen [General] Chawalit made the suggestion shortly before this year's annual military reshuffle.

The New Aspiration Party leader tried to sell it to the military saying certain laws and regulations should be amended to prevent political interference in military affairs.

Gen Chawalit, who stepped in to change this year's army reshuffle list and removed unpopular officers implicated in the Black May incident of 1992 from key army positions, suggested either the Defence Council or a special committee be formed to consider the annual reshuffles.



A committee chaired by Defence Permanent Secretary Gen Phaibun Emphan was set up to consider whether amendments were needed to prevent political intervention in military affairs.

The committee subsequently assigned a working group, which included Judge Advocate General's Department officers and members of the Military Service Commission, to do the job.

The working group after two months of study decided none of the existing laws and regulations have holes for political intervention and they, therefore, need not be amended.

The conclusion was submitted to Gen Chawalit last month, a military source said.

"There would not be any problems with military reshuffles if everything is based on a decision made by the commanders of the three Armed Forces with approval from the Supreme Commander," the source argued.

"It would then depend on the Defence Minister whether to change it (the reshuffle list).

"A point has, therefore, been raised for observation if this power of the Defence Minister is where the military affairs can be interfered with," the source said.

The source said Gen Chawalit has so far not commented on the decision. But it is believed he may raise the issue again when the next reshuffle time approaches.

The source said Supreme Commander Gen Wirot Saengsanit planned to work out the 1996 military reshuffle list with commanders of the three Armed Forces.

Current holders of the five top posts are due to retire at the end of next September.

The five are Defence Permanent Secretary Gen Phaibun Emphan, Supreme Commander Gen Wirot Saengsanit, Army Commander-in-Chief Gen Pramon Phalasin, Navy Commander-in-Chief Adm [Admiral] Prachet Siridet and Air Force Commander-in-Chief ACM [Air Chief Marshal] M.R. [Mom Ratchawong — royal title] Siriphong Thongyai.

According to a source at the Supreme Command headquarters, although the time for the reshuffle is still far away, top military men are already talking about possible replacements.

He said although deputy Army chief Gen Chettha Thanacharo has been tipped to take the top Army post, assistant Army chief Gen Thawan Sawaengphan is also a strong contender.

As for Gen Chainarong Nunphakdi, who is now chief of staff officers attached to the Army Commander-in-Chief, both Gen Wirot and Gen Pramon apparently agree he is a capable person and is loved by Army personnel.

But, since his image has been tainted by his involvement in the shooting of the pro-democracy demonstrators in May 1992, he would be promoted to be Armed Forces chief-of-staff under the Supreme Command, the source said.

It is believed there would not be opposition to Gen Chainarong holding this position — which would not involve commanding military forces, the source said.

#### **Government Reproached Over Submarine 'Games'**

*BK1512042295 Bangkok THAILAND TIMES  
in English 15 Dec 95 p 3A*

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Army Commander-in-Chief Gen [General] Pramon Phalasin yesterday reproached the government, saying it should not use the Navy's planned submarine purchase as a tool to play political games.

The Thai Navy's plans to purchase two submarines were interrupted by scandal when Swedish peace activist Henrik Westander made allegations of bribery against the Chat Thai Party.

In an article published in a leading Swedish newspaper, Westander alleged that Kockums, a Swedish submarine manufacturer, had paid considerable amounts of money to Prime Minister Banhan Sinlapa-acha and the Chat Thai Party during the last general election campaign.

The money was allegedly paid as a bribe to help Kockums win the contract to build two submarines for the Thai Navy.

The Army chief expressed his resentment over the submarine bribery scandal, saying that it was a disgrace if the whole affair was a ploy created by politicians to damage each other, without hinking of the country's security and stability.

Pramon declined to comment on rumors that the information leading to the scandal was leaked by the Armed Forces Security Center.

The center's Commander General is reportedly close to Defense Minister Chawalit Yongchaiyut, and Pramon said he was unwilling to comment further in case his comments damaged his superior's reputation.



The army chief also commented that the military is currently caught between a rock and a hard place regarding territorial water rights and border conflicts.

"We need to reinforce the armed forces' capacity because we might find ourselves in a physical confrontation with our neighboring countries," said Pramon.

#### **Deputy Premier's Resignation Rejected**

*BK1412083395 Bangkok THE NATION in English  
14 Dec 95 p A1, A2*

[Unattributed report]

[FBIS Transcribed Text] Phalang Tham Party (PDP) leader Thaksin Chinnawat stunned Prime Minister Banhan Sinlapa-acha by resigning as deputy prime minister, but the premier asked him to delay his decision until Saturday, informed sources said yesterday.

Banhan asked Thaksin for more talks after the Fifth ASEAN Summit was over to clear up any conflict between the deputy prime minister and other coalition members, the sources close to the prime minister said.

The resignation would not mean a withdrawal of the PDP from the coalition government, at least not for the moment. But Thaksin's resignation comes at a particularly bad time for Banhan because he is hosting the summit.

Declining to discuss Thaksin's move, Banhan yesterday said he had told Thaksin to be patient.

"You cannot be weak being a politician. You must be patient. I have never complained about anything," Banhan said.

Thaksin said yesterday he felt uncomfortable after being attacked by other coalition members, who accused him of seeking popularity. He also said he would meet Banhan after the two-day summit, which ends on Friday.

Political sources said Thaksin came under attack by coalition members for his frequent remarks on the status of the government at a recent meeting of coalition leaders, which included Justice Minister Chaloem Yubam-rung.

The sources said Thaksin told Banhan he intended to give up his ministerial post but the PDP would not withdraw from the seven-party coalition. He was quoted as telling the prime minister that he was fed up with criticism from coalition partners.

"I will never allow you to resign. I will not approve your resignation. Being a politician, you must be strong," one source quoted Banhan as telling the PDP leader.

Thaksin, who has repeatedly called for a Cabinet reshuffle to improve the government's image, has been

criticized by several Cabinet members, in particular Agriculture Minister Montri Phongphanit and Chaloem, for his criticism of the government.

Apart from the calls for a Cabinet shake-up, Thaksin and other PDP members have also been critical of the government over the Swedish submarine bribery allegations against Banhan and his Chat Thai Party.

Thaksin yesterday hit back at Cabinet ministers, who have criticized him, saying they should be open-minded and listen to other people's opinions. He said it was not correct for them to claim he just wanted to seek popularity.

Politicians of an older generation may not be able to accept changes and could be narrow-minded, he said.

"You should not see other people as just wanting to seek popularity and cause trouble for others. That is not right," he said.

The deputy prime minister sarcastically said he was only a three-month politician who could not be compared to 10-year political veterans because of their different natures.

"I am not sure whether I have done anything wrong. I feel uncomfortable. I don't want to talk too much at the moment. We should talk more after the summit," Thaksin said.

"At the moment, I want to talk to my friends who have a similar ideology to find out what they think about me. I want to know is there anything unusual about me. I am confused."

Asked to comment on criticism that his aggressive stand may not be acceptable to other government partners, Thaksin said: "We have to stick by what we believe in. It is not important whether we stay (in the government)."

He said the entire Cabinet must collectively shoulder responsibility for decisions made. Unity is the most important factor about staying together and any misunderstanding must be cleared up, he said.

Thaksin said he felt happy that his party was acceptable to the public. However, he said this could make other coalition partners feel uncomfortable.

#### **Banhan Demands Action on Current-Account Deficit**

*BK1512074295 Bangkok BANGKOK POST  
in English 15 Dec 95 p 19*

[Report by Cholada Ingsisawang]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha has demanded that the National Economic



and Social Development Board [NESDB] come up with an action plan in the next six months to curb Thailand's soaring current-account deficit.

Kosit Panphiamrat, the prime minister's chief adviser and Bangkok Bank's senior executive vice-president, warned that foreign investors are closely watching Thailand's current-account deficit.

He said the current-account deficit is often used as an indicator to gauge the viability of investing in a country and it is therefore vital that Thailand tackle the problem.

The Government would like the current-account deficit to be reduced from the current 6% of gross domestic product to 3.4% by 2000. But that target will not be easy to achieve unless the NESDB comes up with clear short- and long-term plans.

Concerned ministries such as Transport and Communications and Commerce must cooperate to make these plans work.

At the same time, Mr Kosit said the Government will stress to foreign investors that Thailand's current-account deficit is under control. The deficit is primarily caused by the import of capital goods, which has increased in line with the expansion of investment to boost Thailand's export capability.

The current-account deficit is not the result of overspending on economically non-productive activities, he said.

By next May, Thailand's current-account deficit should be capped at 5% as the economy returns to normal and food prices edge down to previous levels.

Bangkok Bank executive vice-president Nimit Nonthaphunthawat said he shared the view that Thailand's current-account deficit is not a serious concern, but is the inevitable situation that countries experience during the course of economic development.

He noted that Thailand's current-account deficit is not as high as that of some of its neighbours. For example, Malaysia is running a current-account deficit of 9.3% of its GDP, with GDP growth of 9.2%.

Mr Nimit suggested the Government should instead concentrate on curbing infrastructure development which is not compatible with the current pace of economic development. Local savings should also be encouraged.

### **Bangkok 'Ready' for Service Sector Liberalization**

BK1512080395 Bangkok THE NATION in English  
15 Dec 95 p B12

[Report by Watchara Charunsantikun, Siriphon Chanchindamani, and Chiwamon Kanoksin]

[FBIS Transcribed Text] Thailand is ready to liberalize its service sector within the Asean framework despite the schedule being moved forward by eighteen months, a Bank of Thailand official said.

However, a stock analyst warned that finance companies would be hit hard by the latest liberalization trend.

Reacting to Prime Minister Banhan Sinlapa-acha's proposal, Thirachai Phuwanatnaranuphan, director of the financial institution supervision and development department, said Thai banking services are ready to be liberalized as the sector is equipped with three facilities.

Firstly, the local banking sector has laid out regulations which should enable it to handle foreign competition. Second, local banks are required to meet international standards of reserve maintenance and the third facility is the well-established links between central banks within the Asean region, Thirachai said.

On the first day of the two-day Asean Summit meeting yesterday, which was attended by the seven Asean leaders, Banhan proposed that Asean move its schedule for the liberalization of the service sector to within eighteen months instead of the three years proposed earlier.

The service sectors to be liberalized, according to Banhan, include the tourism, banking and finance and telecommunications industries.

Thirachai said the liberalization of Asean's service sector would benefit intra-Asean markets because each country could access larger markets for less cost. But he said that the success of the banking sector depends on other industries such as the commerce, investment and export sectors. Banks would only follow main industries and support them when they are already in the Asean market.

A Credit Lyonnais Securities Thailand analyst, Suwaphad Seniwong Na Ayutthaya, predicted finance companies would suffer from the latest liberalization trend because finance companies are not permitted to conduct as many businesses as banks.

If the government shortens the timeframe to eighteen months it should also do three things for the sake of finance firms, he said. Finance companies should be allowed to conduct as many businesses as banks, rules governing finance firms should be further relaxed, and



finance companies should be allowed to build up their networks, especially overseas.

"By shortening the timeframe to eighteen months, the government is forcing finance companies to grow for survival, not for their development," he said.

Suwaphan said that unlike finance companies, securities companies would be less affected by the liberalization because they are specialists. They offer services which cannot be offered by either commercial banks or finance companies.

Despite this advantage, with the liberalization wave securities companies would be able to handle foreign competition only if they can expand their networks as soon as possible, Suwaphan said.

Thirachai, however, said the Bank of Thailand is not only promoting the liberalization of the local banking sector but also actively expanding the role of finance companies.

In the pipeline is a central bank plan to let finance companies provide foreign exchange services as well as trade finance. The regulation would be effective immediately it receives Juridical Council approval, he said.

"But we would prefer to wait for some time before giving the greenlight for finance companies to also provide BIBF [Bangkok International Banking Facilities] services," he added.

On the issue of networking, Thirachai said the central bank is looking for ways to accelerate the finance companies' loan office networks. At present, the central bank requires finance companies to open each loan office for no less than two years and lend a minimum of [Thai baht] Bt150 million before opening another.

Thirachai disagreed that the service sector liberalization within Asean countries would disturb Singapore even though it provides an opportunity for Thailand to become another financial centre and compete head-on with Singapore in the region.

"I do not think Singapore is narrow-minded enough to take that view," he said. Singapore is also eyeing the opportunity to invest in other non-banking service sectors in Asean countries and thus would be more than eager to continue with the opening up of the Asean service sector.

Bangkok Bank's Kosit Panpiamrat said Thailand is ready for the liberalization of the Asean service sector. Bangkok, he said, is already equipped with its own Financial System Master Plan which should accommo-

date service sector liberalization within eighteen months without difficulty.

#### **Insurers Back Banhan's Liberalization Drive**

*BK1512080295 Bangkok THE NATION in English  
15 Dec 95 p B2*

[Report by Wichit Chaitrong, Surachai Chupaka, and Chirawat Na Thalang]

[FBIS Transcribed Text] Thai insurance firms are considering pooling their resources to form a joint venture company capable of competing in a liberalized Asean service sector.

Thai insurers welcomed Prime Minister Banhan Sinlapa-acha's announcement yesterday urging Asean leaders to shorten the length of negotiations on service liberalization from three years to one and a half years. They said the Thai insurance industry is ready to compete with its Asean counterparts.

Moreover, the acceleration of liberalization of services would create an economy of scale beneficial to local insurance firms.

Surachai Siriwanlop, president of Thai Re-insurance Plc, said that local insurers had already opened discussions on the possibility of forming a joint venture company aimed specifically at exploring business opportunities in the regional market.

The new company would have a registered capital of between [Thai Baht] Bt300 million and Bt500 million. Asked when the group would be ready to unveil the new company, Surachai said that would depend on the government's insurance liberalization policy.

The Prime Minister said in his opening statement to the 5th Asean summit yesterday in Bangkok that he felt the proposal by the economic ministers to hold negotiations on liberalization over a three year period was too long. "I propose that negotiations be reduced to only one and a half years," he said.

Banhan said Asean countries should be prepared by that time to open up the services sector, in particular tourism, banking, finance and telecommunications.

An adviser to Deputy Prime Minister Amnuai Wirawan said Banhan proposed reducing the time-frame for service liberalization because he wanted to sound out the position of Asean members before the interim agreement of General Agreement on Trade in Services (Gats) expires in 1997. By then, the World Trade Organization (WTO) should have reached a new permanent agreement.



Meanwhile, Filipino Trade and Industry Undersecretary Cesar Bautista added that Asean members might be able to open up some sectors such as finance, tourism and telecommunications earlier than the original schedule. It depends on the outcome of negotiations, he said.

Surachai said local insurance firms welcomed the Thai Prime Minister's remarks. But he stressed that liberalization should be conducted on a reciprocal basis within Asean.

Moreover, he said that once Asean members agreed to lift barriers on the service sector they should permit Asean investors to own up to 100 per cent of any insurance firm in the region.

Thai investors would be keen to participate in the Vietnamese market, as well as Indonesia's, Malaysia's and the Philippines'. He noted that the Brunei market was probably too small to attract additional investor interest.

Dr Suphachai Phanitchaphak, former deputy prime minister and now an opposition MP, said he agreed with Banhan that the negotiation time-frame should be reduced to promote intra-Asean business.

But he noted that Thailand should offer Asean members a viable method for meeting the shorter time-frame. This would help to avert criticism that Banhan's vision was merely a "political announcement."

Suphachai also suggested that instead of focusing on liberalization, Asean members should consider fundamental issues such as the regional mobility of professionals and the harmonization of laws and regulations relating to the service sectors of Asean countries.

Sarawut Phasuwanitphong, president of the Thai General Insurance Association, shared Suphachai's view.

In a separate interview he said local insurers were not worried about competition from new insurance firms — but they were worried about an inadequate supply of employees to meet the needs of the growing industry.

He suggested Asean members assist each other in improving "human resources" because most Asean members are faced with a similar problem.

Bundit Sunthonsawat, deputy managing director of Ocean Insurance Co Ltd, said Singapore is home to the strongest insurance industry in Asean at the moment followed by Thailand and Malaysia.

Surachai added that Asean insurance firms were already cooperating in exploration of opportunities in the region. For example, Bangkok Insurance has invested in a new insurance company called Asia Insurance Group

Ltd with Singaporean and Hong Kong investors. The operation will serve the Vietnamese market.

Currently, the Thai market for general insurance is growing by 23-24 per cent per year compared to 19 per cent for life insurance. The combined premiums of the insurance industry are estimated to exceed Bt100 billion this year.

Earlier, Asia Insurance Co Ltd, a joint venture between four leading Asian insurance companies including Bangkok Insurance Plc of Thailand, began taking advantage of the Asean Free Trade Area (Afta) scheme by spearheading the move into the Vietnamese general insurance market.

The partners are Asia Insurance Singapore, Asia Insurance Hong Kong, Bangkok Insurance Plc and Central Asia Insurance Indonesia. The first three companies hold 28 per cent stakes and the remainder is held by Central Asia Insurance.

The Chairman and Managing Director of Bangkok Insurance Plc, Chai Sophonphanit, said Asia Insurance Co Ltd opened representative offices in Hanoi and Ho Chi Minh City last month to act as consultative and re-insurance agents.

Bangkok Insurance plans to seek an insurance licence from the Vietnamese government with the goal of becoming a full-fledged insurance company, Chai said. He added that, "We would like to upgrade our representative office in order to issue insurance policies by ourselves instead of through Vietnamese companies (by re-insurance)."

"We are in a good position to open an insurance company in Vietnam because three of our joint venture partner companies are from Asean countries. The Vietnamese government should give us priority in discussing the prospects for setting up an insurance company with non-Asean members," said Chai. "We want to be pioneers in this potentially lucrative market."

Edsel Custudio, chairman of the services group for Asean, agreed with the Thai proposal to shorten the negotiations to 18 months.

## Vietnam

### Cambodian King Sihanouk Arrives in Hanoi

*BK1412062595 Hanoi Voice of Vietnam Network  
in Vietnamese 0500 GMT 14 Dec 95*

[FBIS Translated Text] A solemn welcoming ceremony with state honors for Cambodian King Norodom Sihanouk and his queen, who are currently on an official



friendship visit to Vietnam, has been held this morning at the Presidential Palace in Hanoi.

King Sihanouk and his queen were greeted upon arrival by President Le Duc Anh and his wife, Deputy Prime Minister Phan Van Khai, and many high-ranking cadres of the Vietnamese State and representatives of the Hanoi people.

President Le Duc Anh and his wife cordially receive King Sihanouk and his queen immediately after the official welcoming ceremony at the presidential palace.

#### **Welcomed, Speaks at Reception**

*BK1412144595 Hanoi Voice of Vietnam Network  
in Vietnamese 1100 GMT 14 Dec 95*

[Report by Correspondent Quang Huong]

[FBIS Translated Text] Dear friends: Cambodian King Norodom Sihanouk and Queen Monique arrived in Hanoi this morning to begin an official friendship visit to Vietnam. This is the first visit to Vietnam by the head of the Kingdom of Cambodia since King Sihanouk returned to the throne in September 1993. This event marks a new development in the traditional relations of friendship and cooperation between Vietnam and Cambodia.

A welcoming ceremony was solemnly organized at the Presidential Palace in Hanoi. Thousands of people representing various strata in Hanoi lined the streets leading to the Presidential Palace, waving small flags in their hands to welcome the Cambodian guests.

On hand to welcome King Sihanouk and Queen Monique at the Presidential Palace were State President Le Duc Anh and his wife; Deputy Prime Minister Phan Van Khan; and ministers, deputy ministers, and representatives from ministries, sectors, and branches at the central level.

President Le Duc Anh and his wife warmly welcomed King Sihanouk and Queen Monique as they got out of their car in the Presidential Palace compound. Young girls from Hanoi presented the Cambodian king and queen with fresh bouquets of flowers. While President Le Duc Anh and King Sihanouk ascended the platform along with their wives, a military band played the national anthems of the two countries. Afterward, President Le Duc Anh invited King Sihanouk to review the honor guard. President Le Duc Anh then introduced King Sihanouk to the high-ranking Vietnamese officials and King Sihanouk introduced President Le Duc Anh to the members of his delegation.

After the welcoming ceremony, President Le Duc Anh and his wife held a cordial reception for the Cambodian

king and queen and the Cambodian guests. During the reception, King Sihanouk said:

[Begin Sihanouk recording in Cambodian, fading into Vietnamese translation] On behalf of the Kingdom of Cambodia, the government, and my wife, I would like to express my delight at having the chance to visit the beautiful and heroic Vietnamese nation. I sincerely thank you for the warm welcome extended to my delegation. I would also like to thank Vietnam sincerely for its valuable assistance to the Cambodian people during the past. This assistance has contributed to the restoration of peace and to national reconstruction in Cambodia. The Cambodian people admire the achievements of the Vietnamese people in their renovation and national reconstruction. [end recording]

For his part, President Le Duc Anh said:

[Begin Le Duc Anh recording] On behalf of the SRV, the Vietnamese Government, and people, I warmly welcome the Cambodian king and queen and their delegation on an official friendship visit to Vietnam. This historic visit to Vietnam by King Sihanouk and his queen marks new progress in the relations of friendship and cooperation between the peoples of our two nations. Vietnamese people throughout the country are very pleased to welcome the Cambodian king — the respected and beloved king of the Land of Angkor and a close friend of Vietnam. I wish the Cambodian king and queen and the distinguished Cambodian guests fine success in their visit to Vietnam. [end recording]

This afternoon, the Cambodian king and queen visited the Temple of Literature in Hanoi. Afterward, President Le Duc Anh held talks with King Sihanouk.

This evening, President Le Duc Anh and his wife hosted a solemn banquet in honor of King Sihanouk and Queen Monique at the Presidential Palace.

#### **NHAN DAN Welcomes Visit**

*BK1412050495 Hanoi Voice of Vietnam Network  
in Vietnamese 2300 GMT 13 Dec 95*

[FBIS Translated Text] Under the headline: "Constantly Consolidating and Developing the Vietnamese-Cambodian Traditional Relations of Friendship and Cooperation", an editorial in today's NHAN DAN reads in part:

As brotherly neighboring countries, Vietnam and Cambodia have seen their relations constantly consolidated and developed in recent years. The two countries have signed a number of framework agreements for use as a legal basis for the development of their bilateral equitable and mutually-beneficial cooperative relations



in various domains, thus meeting the two people's aspirations in line with the requirements for the development of cooperative relations in the new stage. Specifically, regular high-level meetings between the two countries' leaders and the exchange of visits by various sectors and echelons of both sides have been on the increase, thus helping strengthen the mutual understanding and mutual trust between the two nations and at the same time making the Vietnamese-Cambodian relations of friendship and cooperation more stable and effective.

In the current new trend, the fact that Vietnam and Cambodia have become ASEAN members and ASEAN observers respectively is creating more favorable conditions for the two countries to broaden their multifaceted cooperation and upgrade their bilateral cooperative relations to a new stage of even better development.

Against this background, this visit to Vietnam by King Sihanouk will be of great importance as it affirms the desire of the two peoples of Vietnam and Cambodia to increase their friendly relations and fine neighborly cooperation on the basis of the major principles already agreed upon by both sides.

#### **Significance of Fifth ASEAN Summit Viewed**

*BK1412160895 Hanoi Voice of Vietnam in English  
1000 GMT 14 Dec 95*

[Station Commentary]

[FBIS Transcribed Text] The fifth summit of ASEAN opened in Bangkok, Thailand on Thursday. Our radio editor highlights the event.

The summit is being held while situation in the region and the world is changing toward the trend of peace, stability, cooperation, and development. Hot spots in the world are in the process of settlement through peaceful negotiations. The situations in the Middle East, Africa, Balkan, and some republics of the former Soviet Union have seen new developments. The European Union, expanded from 12 to 15 members; and ASEAN is also in the process of expansion from six to seven and then to 10 including Laos, Cambodia, and Myanmar [Burma].

In 1993-94, economic cooperation between ASEAN and the region increased from \$204 to \$245 million [figures as heard]. Other economic ties, including investment, industry, agriculture, fishery, transport and communications, tourism, and services have also been developed.

According to a report by the World Trade Organization, ASEAN ranked fourth in trade in the world after the European Union, United States, and Japan. Its trade growth is much quicker than other countries, with the total trade value of \$90 billion. The process of trading cooperation of ASEAN is being promoted, shortening the time for the setting up of the ASEAN Free Trade Area from 15 to 10 years. Over the past five years, ASEAN's GDP has been seven percent a year and this growth rate will be maintained in the coming several years. Thanks to its economic achievements and efforts for peace and stability, ASEAN has a stronger voice in the world. So far, it has dialogued with superpowers in the world.

Earlier this week, ASEAN economic ministers and Deputy Chairman of the European Council Leon Brittan discussed plan for the Asia-Europe summit to be held in Thailand on 1-2 March next year. The conference will help improve relations between these two continents to the higher level in which the role of ASEAN will be enhanced.

The fifth ASEAN summit will discuss political and security measures to create unity in this area and turn it into a non-nuclear region, prospect for the ASEAN Free Trade Area, human resources development, and AIDS control and prevention in the region.

At the conference, ASEAN member countries will sign a number of agreements on cooperation in the region, including the fifth ASEAN summit statement, and treaty on non-nuclear Southeast Asia.

As a full member of ASEAN for just a few months, Vietnam has taken an active part in all activities of the organization. At this summit, Vietnam has participated in preparation of all documents. The ASEAN high-level economic conference held on December 10 and the ASEAN Free Trade Area welcomed Vietnam joining the concessional economic program on tariff as from January 1, 1996 and the list as requested by AFTA. This shows that though meeting with many difficulties, Vietnam is determined to implement its commitments.

Before leaving for the summit, Vietnamese Prime Minister Vo Van Kiet affirmed that although the fulfillment of commitments and obligations as the full member is not simple, it suits the orientations of the renovation process in Vietnam and will breath more life to development of ASEAN.



## Australia

### Wei Jingsheng Sentence 'Strongly' Resented

*BK1412100195 Melbourne Radio Australia  
in English 0500 GMT 14 Dec 95*

[FBIS Transcribed Text] Australia has joined the United States and a number of other Western nations in speaking out against the 14-year jail term imposed on the prominent Chinese dissident, Wei Jingsheng.

The Foreign Affairs Department in Canberra said Australia strongly resented the sentence. A spokesman said that on a number of previous occasions, Australia had expressed its strong concern to China about the process of Mr. Wei's detention. Australia's foreign minister, Gareth Evans, had again raised Mr. Wei's case last week when he met China's vice foreign minister, Li Zhaoxing.

### Taiwanese Vessels Apprehended for Illegal Fishing

*BK1212090295 Melbourne Radio Australia  
in English 0500 GMT 12 Dec 95*

[FBIS Transcribed Text] Crew of two Taiwanese fishing vessels have been interviewed by Customs and Immigration officials in Darwin. The 37-meter vessels were apprehended northeast of (Darwin) on Saturday and arrived in Darwin early today. The Australian Defense Force says 36 people who were on board the vessels were suspected of illegal fishing in Australian waters.

### Model Spacecraft Tests Accord Signed With Tokyo

*LD1312102995 Melbourne Radio Australia  
in English 0900 GMT 13 Dec 95*

[FBIS Transcribed Text] Australia and Japan have signed an agreement for a series of test landings of a winged spacecraft in South Australia. Japan's National Space Development Agency plans to use a site at the Woomera rocket range to test-land a model unmanned space vehicle between April and June next year. The tests will be used to develop a full-size spacecraft to service the first permanent space station to be built by Japan, the United States, Russia and Europe by the year 2000. The model craft will be released from a helicopter at a height of 1,500 meters. The Australian Government says the test-landing project will return about \$1.5 million to the Australian economy.

### Keating Announces Treaty Accord With Indonesia

*BK1412032995 Hong Kong AFP in English  
0314 GMT 14 Dec 95*

[FBIS Transcribed Text] SYDNEY, Dec 14 (AFP) — Australia announced Thursday it has agreed on a security treaty with its large northern neighbour

Indonesia, a nation which was once considered a major threat.

Australian Prime Minister Paul Keating said the agreement sets out in formal terms for the first time that Australia and Indonesia have common interests in the peace and security of the region and that they intend to cooperate in support of those interests.

Australia and Indonesia posed no threat to each other and it was "important that be understood by the people of each country," he said Thursday, after the treaty was agreed to by cabinet.

The agreement commits the two countries to consult each other when either or both is adversely challenged and to consider joint responses, to promote security co-operation and to establish ministerial consultations over common security interests, he said.

The treaty, which is to be signed in Jakarta on Monday, had been finalised in several meetings with Indonesian President Suharto over the past year, Keating said.

It was intended to make an enduring and powerful assertion within the region and outside that the long-term strategic interests of Australia and Indonesia coincide, he said.

Keating said the emergence of Suharto's government in the 1960s was the event of "most positive strategic significance" to Australia in the post-war years.

"The consequences for Australia of having a hostile or even unfriendly government in Indonesia over that period would have been incalculable, including the percentage of our national resources that we would have spent or would be spending on defence."

Australia has eyed Indonesia — home to 190 million people — warily in the past, particularly during the 1975 East Timor takeover and during Jakarta's military policy of "konfrontasi" in the 1960s, when Indonesia sought to undermine the newly formed Malaysian Federation.

In 1964, the Australian government agreed to top-secret British plans to bomb Indonesia if Jakarta moved to step up attacks on the federation, according to cabinet documents published in January.

The plan was one of several contingency documents aimed at producing a graduated response to konfrontasi.

The papers showed that, despite Indonesia's aggression towards Malaysia, Australian foreign ministry officials believed Indonesian's ambitions were limited and that the major threat to regional security came from communist China and North Vietnam.



Keating defended the security treaty when asked about the criticism it would be likely to provoke from Australians of East Timorese background and their supporters.

Indonesia's invasion and subsequent annexation of East Timor is still at the forefront of Australian thinking about its northern neighbour.

"We'll do no service to Australian interests or the interests of the people of Indonesia were this to become a single issue relationship and I don't think any service to the people of East Timor either," Keating said.

"I've told you a number of times now that whenever we feel a desire or wish to make clear where we stand on human rights or any human rights issue including Timor we make that clear," he said.

Keating said the agreement "is not an assertion that we have common internal policies or philosophies or that we endorse everything Indonesia does internally or vice versa.

"It does not involve us in the internal affairs of Indonesia or compromise our approach on human rights.

#### **Keating Comments on Pact**

*BK1412072595 Melbourne Radio Australia  
in English 0500 GMT 14 Dec 95*

[FBIS Transcribed Text] Australia says the signing of a security treaty with Indonesia is a major strategic development for Australia's future in the region. The prime minister, Paul Keating, has announced the two countries will sign the treaty in Jakarta next Monday. The agreement commits both countries to consult each other on regional security issues and cooperate on measures aimed at insuring peace.

Mr. Keating says the agreement is another stage in Australia's strengthening relationship with Indonesia. He says the agreement is similar to the Five Power Defense Agreement and another agreement between Australia and Papua New Guinea, but he says it will not cut across the ANZUS [Australia, New Zealand, U.S.] alliance between Australia and the United States.

[Begin Keating recording] Well, I have said before that no nation is more important to us than Indonesia. It is our largest nearest neighbor, and the clarity and integrity of this agreement makes very clear their importance to us. Of course, it is set in defense and security terms, and our relations with the United States will be always central to Australian defense and foreign policy, and it will remain so. [end recording]

#### **Opposition Concerned by Wording**

*LD1412131695 Melbourne Radio Australia  
in English 1200 GMT 14 Dec 95*

[FBIS Transcribed Excerpt] Australian Prime Minister Paul Keating has defended a new security agreement to be signed with Indonesia on Monday [11 December] as the best way to ensure peace and security in the region. [passage omitted]. Mr. Keating says the treaty is a major strategic development in the bilateral relations between the two countries.

[Begin Keating recording] This is a reciprocal agreement, where Indonesia will also be likely to be supporting Australia. We have in place now under the five power defense agreement for the nonreciprocal defense of Malaysia and Singapore, an agreement which commits Australia to discuss, consult and perhaps defend those two states without any commitment by them to us. The key thing about this agreement is that Indonesia is the first Asian country to put its hand up and say it would consider joining Australia in this sort of an agreement. [end recording]

Mr. Keating admits that uneven economic growth in China could be a threat to regional security in the Asia-Pacific, but he said the motivation for the treaty was not because of any perceived threat from China. The federal opposition's foreign affairs spokesman, Alexander Downer, says he supports the general principle of the treaty, but he says the opposition coalition is concerned about the loose wording in the treaty. Mr. Downer says the agreement speaks of dealing with adverse challenges without defining the term.

#### **Papua New Guinea**

##### **Australian Minister Evans on 'Secession Crisis'**

*LD0912112595 Melbourne Radio Australia  
in English 1000 GMT 9 Dec 95*

[FBIS Transcribed Text] Australia's Foreign Minister Gareth Evans says he hopes 1996 will see a resolution of the seven-year-old Bougainville secession crisis. He was speaking in Kavieng, capital of New Ireland Province in Papua New Guinea [PNG], where he is attending the Eighth Australia-PNG Ministerial Forum. Senator Evans echoed sentiments expressed by PNG Prime Minister Sir Julius Chan that next week's proposed second round of pan-Bougainville peace talks in Cairns in northeast Australia would help lead to a lasting peace in Bougainville.

[Begin Evans recording] Hopefully this year will also see the beginnings of a solution of the terrible ongoing, running [word indistinct] in Bougainville. There are



some good signs, as Sir Julius said, and possibly, at long last, a measure of willingness to go down the path of reconciliation being apparent, and I only hope that through the process at the Cairns meeting [word indistinct] that we can contribute in our own small way to resolving what is obviously a terribly depressing and debilitating problem for you. Hopefully, 1996 will at last be the year of peace in Bougainville. [end recording]

Evans also said that PNG dependency on Australia had to end as the relationship between the two countries matured. He was replying to concerns raised by Sir Julius about the aid relationship.

#### **Australian Ties Reach 'New Peak' After Forum**

*BK1012131595 Melbourne Radio Australia  
in English 1100 GMT 10 Dec 95*

[FBIS Transcribed Text] Ministers from both Australia and Papua New Guinea [PNG] say the relationship between the two countries has reached a new peak. Sean Dorney reports that after a difficult 12 months in relations, ministers say the Australia-PNG Ministerial Forum in Kavieng in New Ireland Province this weekend was a great success:

[Begin recording] [Dorney] Hailing the talks as a watershed in the relationship, Australia's Foreign Minister Gareth Evans said Australia was impressed with how the PNG Government had tackled this difficult economic problem and set the country on the path of reform. Speaking at the farewell lunch, Senator Evans said a number of Australian concerns had been resolved:

[Evans] We have at least, I think, we got a deal in our discussions over these past couples of days. We got to know each other better personally as well as being able to exchange dialogue, discussions, resolve a lot of difficult outstanding questions. [end recording]

#### **Rebel Leaders Agree To Attend Peace Talks**

*BK1112073895 Melbourne Radio Australia  
in English 0500 GMT 11 Dec 95*

[FBIS Transcribed Text] Rebel leaders on Papua New Guinea's [PNG] Bougainville island have agreed to attend peace talks with the PNG Government in Australia this week. A spokesman for the Bougainville Revolutionary Army [BRA] has said that BRA leader, Sam Kauona, and the head of the self-styled interim government, Joseph Kabui, would attend the talks.

The planned Bougainville peace talks are scheduled to begin in the northeast Australian city of Cairns on Thursday. It will be attended by observers from the United Nations and the Commonwealth.

#### **Authorities Confirm Renewed Bougainville Clashes**

*BK1312091795 Melbourne Radio Australia  
in English 0500 GMT 13 Dec 95*

[FBIS Transcribed Text] Papua New Guinea [PNG] authorities have confirmed renewed clashes on Bougainville Island between members of the Bougainville Revolutionary Army [BRA] and Bougainvillians who do not support the rebels. Commanding officer for PNG security forces on the island, Colonel (Sarsa), says the clashes between the two groups broke out yesterday morning in the (Siwai) area. Col. (Sarsa) says three resistance fighters and one BRA member were killed and that three wounded resistance fighters are receiving treatment at the Loloho field hospital. He could not (?confirm) media reports that eight BRA members and four resistance fighters were killed in the clash.

Reports of the fighting came as leaders of the BRA and the resistance prepared for peace talks tomorrow in Australia.

### **Vanuatu**

#### **Opposition, Ruling Party Meet About Coalition**

*BK1112073695 Melbourne Radio Australia  
in English 0500 GMT 11 Dec 95*

[FBIS Transcribed Text] In Vanuatu, leaders of the opposition Unity Front [UF] have met with the president of the ruling Union of Moderate Parties [UMP] to clarify an offer it received from the UMP president, Serge Vohor.

In a statement issued after the meeting, Mr. Vohor said his offer to the UF for setting up a coalition government stood. Meanwhile, a meeting of the UMP Executive Council has reinstated Mr. Vohor and the party executives. Mr. Vohor and the UMP executives were suspended by a party vote last week after disagreement within the party. The UMP won only 17 of the 50 parliamentary seats in general elections earlier this month.



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